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FOURTEEN YEARS OF
EUROPEAN INVESTMENTS

FOURTEEN YEARS OF EUROPEAN INVESTMENTS

1914 - 1928

BY

S. STERN

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VICE PRESIDENT THE EQUITABLE TRUST COMPANY OF NEW YORK



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INTRODUCTION

The historic conferences held in 1929 in Paris, The Hague and Baden-Baden have paved the way to the final setting up of financial machinery for handling war reparations and the inter-allied debts. This machinery will call for the active participation of the investing public in all countries. Its creation will mark the beginning of a new epoch in international finance.

To-day the United States occupies premier rank among those countries which are counted upon to absorb a preponderant share of international issues which the commercialization of the reparations due from Germany and of the inter-allied debts might involve. There will, therefore, be the greater occasion for the mass of American investors, under such circumstances, to study the record of European securities during the past decade and a half in order to be able to appraise such investments with measurable correctness. For, while it is true that there exists in the United States a steadily increasing interest in foreign securities, it would be an exaggeration to assert that our investing public in general appreciate, as the European investors appreciate, the qualifications of foreign securities as media for the employment of capital.

Realizing the need of answering some of the more important questions which are likely to arise in the minds of those who seek practical information on the subject of European investment, the present study was conceived. It is offered more particularly as a practical test of the merits of the theory of the geographical distribution of capital. This distribution is considered especially as an insurance contracted by the investor primarily for the preservation of his principal and the realizing of a stable income irrespective of intervening periods of domestic or international stress, and of the changing local purchasing power of currencies.

While the author in preparing this study treats the subject in the first instance from the particular angle of the American investor, it will nevertheless be apparent that the material throughout has been dealt with also from the broader point of view of the international

Introduction

investor, and that the conclusions arrived at may be applied, on the whole, with equal force to the problems which investors everywhere must face.

The survey covers the years 1914 to 1928. By taking this range, the inquiry is related to the situation before the outbreak of the world conflict; the effects of that conflict are registered, and account is taken of the subsequent financial and industrial recovery along with developing stabilization of exchanges up to within a comparatively recent date. The period selected for the investigation thus mirrors probably the most critical conditions with which investors in foreign securities ever have been confronted.

The study is not primarily an examination of the values of the specific securities which happen to be quoted. The purpose rather is to outline certain outstanding features of well-diversified investment in European securities and to establish the record of typical European securities over the period mentioned and, with this record as a background, to clarify some of the factors which it is believed influence foreign investments more or less at all times.

The attempt has been made to demonstrate as far as possible how the sum of approximately \$375,000 of capital invested before the world war in equal proportions (\$25,000 each) in thirteen European countries, and in the United States and Canada, half in selected bonds and half in diversified stocks, actually would have been affected by the events taking place between 1914 and 1928.

The data and figures have been prepared, of course, objectively. The securities selected reflect, it is thought, the choices which might have been made by impartial and well-informed bankers, or other competent investment authorities, in each of the countries named. Advice as to the selection of the various securities was sought without revealing the ultimate purpose of the survey, so as to insure the obtaining of independent, unbiased opinions. Of course, if securities other than those named had been taken as a basis for the study and calculations, different individual results might have been obtained. But, although a certain allowance undoubtedly must be made for this fact, it will be shown that even had different choices been made, the general trend of the calculations arrived at would have been, on the whole, essentially the same.

The task of collecting all the data and figures in some of the countries, especially during the period when security dealings on the Stock Exchanges were interrupted to varying degrees because

Introduction

of the War, presented difficulties which must be taken into consideration. It is hoped that the general conclusions reached will be of interest to investors and to students of finance throughout the world, and will also be of service in the origination and distribution of foreign securities.

In substance, these conclusions are as follows:

FIRST: Irrespective of the fact whether the capital appreciation obtained by investing in domestic securities is greater than by investing in foreign securities, the principle of geographical distribution and diversification is a sound one for investors desirous of protecting their savings in time of peace against economic reverses in their own country, or against the risk of war or domestic troubles.

SECOND: Notwithstanding unprecedented upheavals, both economic and political, during the period reviewed in this study, it is shown that by means of geographical distribution over a great number of countries, and diversification in bonds and stocks, the investor in any one of seven countries, out of a total of fifteen, would have had larger capital gains through diversified investments than by concentrating his investments at home; the investor in any one of seven other countries would have sustained a loss through diversification as contrasted to home investment; and the investor in one country would, through diversification, simply have maintained the integrity of his principal.

This showing illustrates all the more remarkably the value of diversification because it covers a period in which there was experienced the greatest depreciation in European securities that had been witnessed in more than a century. Had a study been made of a normal period—say, from 1900 to 1914—with comparisons between the trends of European and of United States securities during that time, the comparisons would have been much more uniform and the value, on such a background, of geographical distribution of securities would, of course, have been still more conclusively shown. It is to be questioned, however, whether this value is not emphasized to an even greater degree on a background which must be considered abnormal.

Some consideration always must be given to the risks and dangers of possible political conflicts, with resulting effects on securities of any nation or group of nations. But the present outlook for a continued period of comparative international political stability is far brighter than at any other time in contemporary history. This very

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fact serves to heighten the importance of the conclusion drawn in the study of European investment herewith submitted, viz., that, despite the worst influences which have prevailed in Europe for more than a century, safety of principal would have been assured to an American investor if he had distributed his holdings among American and European securities over the given period.

THIRD: If the results are considered from the special aspect of return on the capital invested, the following picture is obtained:

The investor in any one of seven countries, out of a total of fifteen, would have had a larger return on his capital, April 2, 1928, through diversification, than if he had limited his investments to the domestic issues of his own country. For the investor in seven countries the return would have been smaller through diversification than by concentrating on domestic issues. In one country the income derived from geographically diversified investments would have differed by only a fraction from that obtained on domestic securities.

FOURTH: The results of the study show, as far as the American investor is concerned, that geographical distribution and diversification could have been obtained, only by sacrificing the greater part of the capital appreciation registered in American securities during 1914-1928. Indeed, had the investor restricted his holdings to domestic securities instead of investing the greater part of his capital abroad, his principal would have increased by April 2, 1928, by 69.89%, while by investing it in fifteen different countries, the investment would have shown a gain of only 3.62%. By taking into account stock quotations up to the first part of 1929, this disparity, though not so great proportionally, still is shown, for, at that time, the average appreciation of diversified stocks in fifteen different countries since 1914 had risen to 73.41%, while the average gain of equities in the United States had amounted to 180%. However, later events in individual countries have gone far to show the wisdom of geographical diversification in securities.

The failure to realize the appreciation shown on American securities from 1914 to 1928 would have been compensated in part by the larger average return on the capital invested in geographically diversified securities, which gain equals, as will be seen, 16.8% of the annual income.*

* If we capitalize the difference in income between American and diversified securities of 0.61%, we find that the total appreciation of diversified securities, taking into account the additional annual income, is 18.62% as against 69.89% for the investment in American securities.

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During the severe drop on the New York Stock Exchange, registered in October and November, 1929, the value of the American stocks considered in this survey declined (closing prices of November 14, 1929,) to \$22,571.20, equivalent to a net depreciation of 35.35 per cent since May 9, 1929. It is a remarkable coincidence that the market value of these stocks at the closing on November 14, 1929, was only 7.01 per cent below their market value on April 2, 1928; and, therefore, the conclusions in the present study (as based on the situation prevailing in April, 1928), in so far as they relate to American and European stocks, are practically applicable to the situation in November, 1929.

The reader will notice that the total decline registered by the European stocks considered in the survey for the ten years from January 2, 1914, to October 14, 1924, was 25.76 per cent. This decline compares with the decline in selected representative American stocks of 35.35 per cent from May 9, 1929, to November 14, 1929.

FIFTH: When comparing the average yield of American securities with the average yield of geographically diversified investments as assumed in this study, the results are as follows:

On April 2, 1928, an investment in American bonds and preferred stocks, such as we have taken as a basis for our survey, would have yielded an income at the annual rate of 4.38%.

If the same amount of capital had been invested in bonds in thirteen different countries of Europe and the United States and Canada in equal proportions, the interest collected would only have amounted to 3.75% yearly: the return on American bonds and preferred stocks was higher at that time than on foreign securities of a similar nature.

Capital invested on April 2, 1928, in the list of American stocks selected by us would have shown a cash yield in terms of dividends at the rate of 2 $\frac{7}{8}$ % yearly, while stocks of fifteen different countries at the same date, would have gained an annual income at the rate of 4.71%: the return on foreign stocks, it is thus shown, would have been approximately 64% higher than the return on domestic stocks.

Comparing the combined results of an investment, in both bond and stocks, it appears that the American securities considered by us, would have, on April 2, 1928, yielded an average annual income of 3 $\frac{5}{8}$ %, while an investment in bonds and stocks of thirteen European countries, combined with securities of the United States and Canada,

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would have shown an annual income for the investor at the rate of 4.23%.

SIXTH: While the conclusions of this study are entirely derived from a comparison of investments made early in 1914, it should not be overlooked that the fortunate investor who decided in October, 1924 (i.e., at the time when the reconstruction period in Europe may be said to have definitely set in), to invest in the very same stocks (in fifteen different countries) as are considered in the survey, would have increased his capital, in the following remarkable proportions, if he had disposed of the securities during the first half of 1929:

<i>Country</i>	<i>Value Stocks Oct. 14, 1924</i>	<i>Market Value First Half 1929</i>	<i>Percentage Increase</i>
Austria	\$ 1,292.91	\$ 3,212.36	148.46
Belgium	6,046.05	10,890.60	80.10
Denmark	8,494.68	10,055.05	18.36
England	16,125.00	75,106.19	365.77
France	3,980.19	7,507.20	88.62
Germany	3,558.10	10,761.93	202.44
Holland	12,865.90	21,369.60	66.10
Hungary	1,086.00	2,798.58	157.70
Italy	5,016.00	5,517.95	10.00
Norway	10,827.79	19,455.76	79.68
Spain	10,544.80	13,778.75	30.67
Sweden	9,141.00	12,569.55	37.50
Switzerland	11,402.25	14,963.15	31.23
Canada	20,862.50	56,864.00	172.57
U. S. of America.....	16,359.00	34,918.37	113.45
TOTAL.....	\$137,602.17	\$299,769.04	117.85

The average gain as reflected by the above figures, for the thirteen European countries, was 107.20% as against 146.59% average gain for the United States and Canada. Of course, the difference between the two figures has been reduced as a result of the recent drastic decline of American stock values.

Thanks are due to friends and valued correspondents of the author for their cordial coöperation and ready assistance in obtaining or reviewing much of the information included in this study. Naturally, the author is solely responsible for the presentation of the information, the comment and the conclusions.

S. STERN.

New York, November, 1929.

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PART I
THE SURVEY AND ITS RESULTS

FOURTEEN YEARS OF EUROPEAN INVESTMENTS

1914-1928

CHAPTER I

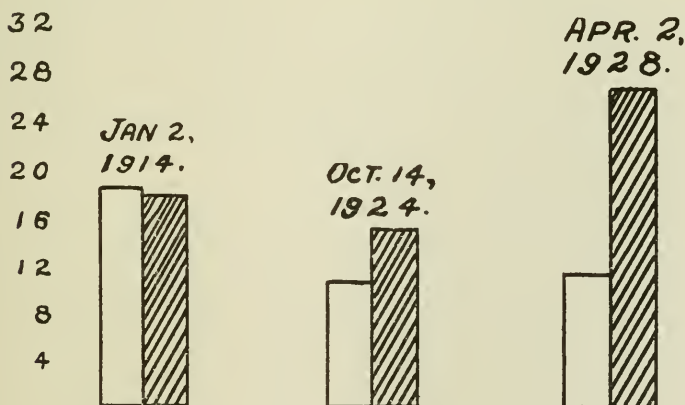
1914-1928: A CRUCIAL TEST OF EUROPEAN INVESTMENTS

During the past decade and a half, we have entered upon a new era of investment. The United States has taken a leading place among the countries which, owing to their wealth and economic

Graphs Showing Total Values of *Stocks and Bonds*, on Dates Specified, in *All Countries Combined*

□ BONDS ▨ STOCKS

TEN THOUSANDS
OF DOLLARS



power, are playing an active part, through large scale exportation of capital, in world financing. Though lacking traditional standards of our own and having to develop, in a relatively short time, adequate organizations to direct our excess funds into the proper chan-

Fourteen Years of European Investments

nels of foreign investment, we have been, so far, fairly successful in this new and important rôle.

Our total capital invested abroad—not counting the so-called allied debts—now reaches the enormous aggregate of more than \$15,000,000,000 (exclusive of government advances). This is by far the largest amount of American foreign investments that ever has figured in our national balance sheet.*

FIVE BILLIONS INVESTED IN EUROPE

According to figures prepared by Dr. M. Winkler and published by the Foreign Policy Association, Information Service, this investment of fifteen billion dollars is distributed as follows:

AMERICA'S FOREIGN INVESTMENTS (in thousands of dollars)

<i>Region</i>	<i>1928</i>
Europe	\$ 4,798,000
Canada	4,120,000
South America	2,513,000
Central America (including Cuba, Mexico and West Indies)	2,954,000
Australasia	841,000
Miscellaneous	375,000
Total	<u>\$15,601,000</u>

The total American investment in Europe is the largest: \$4,800,000,000. These five billions of European investments are held very widely throughout the United States by financial institutions, investment trusts, private investors and industrial concerns owning participations in European enterprises.

Foreign securities publicly offered in the United States during 1928, according to figures published by the Bureau of Foreign and Domestic Commerce aggregated about \$1,488,000,000. The purchase by United States investors of foreign internal securities, such as those with which the present study deals, are not included in these figures, nor are the purchases of foreign enterprises by American corporations representing the investment of additional capital for expansion of existing American enterprises located in foreign coun-

* As a matter of comparison, in 1914, Great Britain, according to estimates of Sir George Paish, had invested in foreign securities from \$18,000,000,000 to \$20,000,000,000, an amount figured to be one-quarter of her total savings at that time. In 1914, France is believed to have held \$8,000,000,000 of foreign securities and Germany, from \$5,000,000,000 to \$6,000,000,000.

The Survey and Its Results

tries unless securities were publicly offered for such purpose. The list of the European securities (Governmental and Corporate) publicly offered in the United States during 1928 is as follows:

<i>Country</i>	<i>Total</i>
Austria	\$ 3,500,000
Belgium	14,275,000
Bulgaria	9,000,000
Denmark	61,500,000
Finland	18,000,000
France	17,250,000
Germany	292,476,500
Great Britain	24,577,500
Greece	15,000,000
Hungary	26,450,000
Ireland	875,000
Italy	65,462,500
Norway	44,000,000
Poland	17,000,000
Sweden	29,070,000
Switzerland	12,480,000
<hr/>	
	\$650,916,500

Foreign financing in American markets during the first nine months of 1929 is estimated to have aggregated \$568,500,000 or about 60% of the total for the same period in 1928.

The following table shows the increase in foreign securities publicly offered in the United States since 1914:

<i>Period</i>	<i>Number of Issuacs</i>	<i>Total Nominal Capital</i>
1914.....	19	\$ 37,722,750
1915.....	87	833,494,614
1916.....	104	1,131,080,264
1917.....	64	718,147,450
1918.....	30	29,715,000
1919.....	81	813,244,700
1920.....	105	636,191,357
1921.....	109	675,112,963
1922.....	136	828,399,284
1923.....	73	495,662,100
1924.....	129	1,219,541,687
1925.....	156	1,329,920,750
1926.....	214	1,318,554,850
1927.....	253	1,592,595,760
1928.....	220	1,487,861,680

Fourteen Years of European Investments

Of course, there are pitfalls for the unwary in embracing foreign loans and participating in foreign industrial undertakings, but hitherto we have been, on the whole, fortunate enough to avoid serious mistakes.* This fact is the more remarkable as the period between 1914 and 1928 has been characterized abroad by the most revolutionary financial events ever witnessed; such events as depreciation of currencies, cancellation of debts, migration of capital from one country to another in quest of a safe resting place, together with the subsequent recoveries in exchange, the reëmergence of sound money standards and the upturn in foreign industry, to mention only some of the high lights.

A CRITERION FOR THE FUTURE

Because of the confusing multiplicity of these happenings, it has seemed to the author that, while our grasp of recent developments still is relatively keen, it would be worth while to proceed to a test of the theory of geographical distribution of investments against the background of a most remarkable period of financial history.

It must be borne in mind in this connection that, broadly speaking, the principle of geographical distribution and diversification of investments is not fundamentally concerned so much with the question whether for a period of years the gains made in domestic investments might be larger than those made in foreign securities. The point is whether it is not preferable and, in the long run whether it is not *safer* to spread one's investments over a number of countries and continents, rather than to limit them to one country, however tempting the latter policy may be, both from the point of view of *amour propre* and patriotism, as well as convenience and closer knowledge of the nature and prospect of the investment.

In order to reach some conclusions as to advisable policy and conduct in future years, it has seemed particularly opportune to ask the question—and if possible to answer it—

How would an investor have fared if he had invested \$25,000 early in 1914 in each of the following countries:

Austria	Germany	Spain
Belgium	Holland	Sweden
Denmark	Hungary	Switzerland
England	Italy	Canada
France	Norway	United States

* It has been asserted that only two of our foreign borrowers have defaulted, namely, a small industrial plant in Europe and a department of a South American Republic.

The Survey and Its Results

The countries selected make the list sufficiently comprehensive. Russia, for obvious reasons, has not been included in this survey, although some Russian bonds naturally have been given a place in the list of security holdings, which might have been recommended in France in 1914.

Although not considered in the survey, it has been thought advisable to present, with other material in the appendix, data relating to the recent position of stocks and bonds in the other European countries, such as Bulgaria, Esthonia, Finland, etc.

If, notwithstanding the epochal changes which have taken place during the past fifteen years in the finances of many of these countries, it can be shown that the capital so invested was not reduced, but indeed in the aggregate had increased, the theory of the geographical distribution of capital may be said to have stood its most trying test; and one of the most important objections to its permanent inclusion in the policy of the average investor may be considered to have been answered.

Before presentation of the methods used in applying the test of geographical distribution and diversification of investments, and developing what the present inquiry has shown, it has seemed to the author that it would be pertinent to consider certain matters importantly linked to the general subject. These topics "Advantages of Foreign Investments for a Creditor Country," "Advantages of Foreign Loans to a Debtor Country" and "The Currency Risk in Foreign Securities," are, therefore, discussed in the succeeding three chapters.

CHAPTER II

ADVANTAGES OF FOREIGN INVESTMENTS FOR A CREDITOR COUNTRY

USEFUL EXCHANGE RESERVE

For any country, the investment of a part of its national assets in foreign securities is a necessary offset to the short-term deposits which may be attracted to its markets because of temporary fluctuations in money rates. The records show that since 1914 capital to a very considerable extent has departed from sedentary habits and has acquired, probably more than in any preceding period in history, what might be termed a wandering spirit. Short-term deposits present disadvantages as well as advantages to the markets that attract them; as a matter of fact, their presence and the possible risk of their withdrawal have been among the factors which in this country have contributed recently to increasing the concern resulting from the then steady rise in interest rates on stock exchange collateral.

It is well known that, since the depreciation of the exchange in Europe, Europeans have sent to the United States, from time to time, part of their liquid capital or their permanent savings, just as in former years such capital or savings were placed in England, Switzerland or Holland, by residents of other European countries. The amounts so invested here, temporarily or permanently, have reached very large figures. In addition, the European banks of issue, such as the Bank of France, the Reichsbank, the National Bank of Belgium, etc., either directly or indirectly have held, or are holding, part of their exchange reserves in the United States in the form of fixed time deposits with the banks, or as investments in bankers' acceptances.

The possibility of the withdrawal or reduction of short-term deposits by foreigners in the form of actual gold shipments from our shores always is present. This possibility has been one of the factors influencing the movements of our money market. According to statistics published by the Finance and Investment Division of the United States Department of Commerce, based on returns of 188 leading international banking houses located in American cities, including the Reserve Banks, all large private bankers and the prin-

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cial foreign agencies in New York, the American exports and imports of short-term capital in 1928 were estimated as follows:

<i>Due from "Foreigners":</i> ¹	<i>Dec. 31, 1928</i>
1. American deposits with foreigners	\$ 198,050,000
Short-term loans to foreigners:	
2. Liabilities of American banks for unmatured bills drawn by foreigners and accepted by American banks ²	519,124,000
3. Estimated amount of liabilities of American banks for unmatured bills drawn by Americans to finance American exports and accepted by American banks, respectively, \$287,587,000 and \$361,943,000 ³	
4. Overdrafts by foreigners	260,643,000
5. Other short-term loans and advances	341,006,000
6. American short-term funds "put out" (in foreign money markets)	28,224,000
<i>Total short-term funds due from abroad.</i>	<u>1,347,047,000</u>

<i>Due to Foreigners:</i>	
7. Foreign deposits with Americans	1,750,943,000
Short-term borrowings from foreigners:	
8. Outstanding volume of unmatured bills drawn by American banks and their customers, accepted abroad, and discounted there (as estimated) ⁴	102,900,000
9. Outstanding volume of American guarantees of acceptances executed by foreign banks for the account of American importers, respectively, \$29,952,000 and \$49,913,000 ⁵	
10. Overdrafts by American banks	36,439,000
11. Other short-term borrowings	12,100,000
Foreign funds "put out" (in the American market):	
12. Into American acceptances	569,581,000
13. Into brokers' loans	207,479,000
14. Into Treasury certificates	174,200,000
15. Into other short-term loans	8,065,000
Undiscounted foreign drawn acceptances:	
(Held for collection by American banks) ⁶	123,434,000
<i>Total short-term funds due to foreigners.</i>	<u>\$2,985,141,000</u>

¹ The foreign branch of an American bank is a foreigner; an American branch of a foreign bank is an American.

² Regarded as an offset to foreign deposits in American banks.

³ These represent American loans to American exporters. The credit extended to foreigners is regarded as mercantile credit (relating to invoice terms) rather than international banking credit.

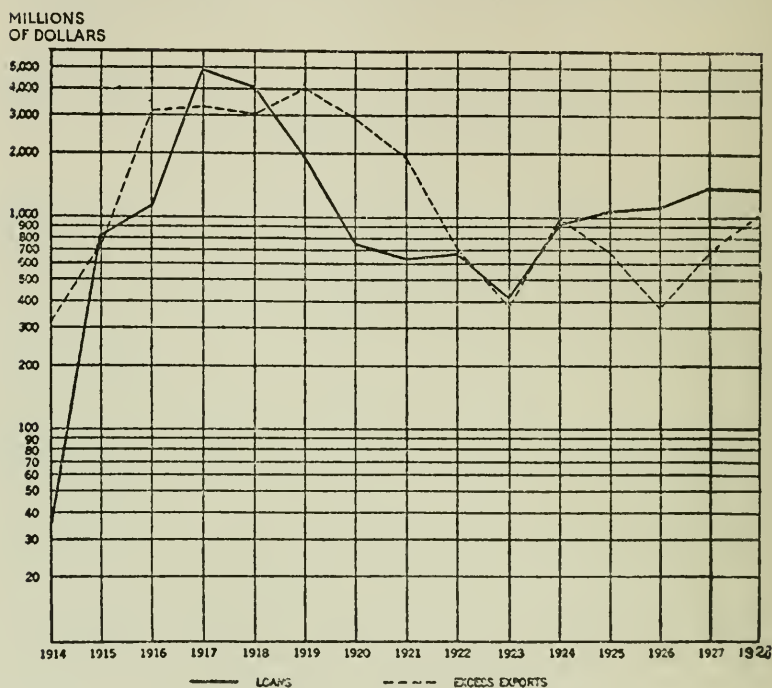
⁴ Regarded as an offset to American deposits in foreign banks.

⁵ Like Item 5, these loans relate to mercantile credit rather than to banking credit.

⁶ A corrective entry offsetting Item 2 of the statement.

Fourteen Years of European Investments

American Foreign Loans and Excess Exports, 1914-1928 *

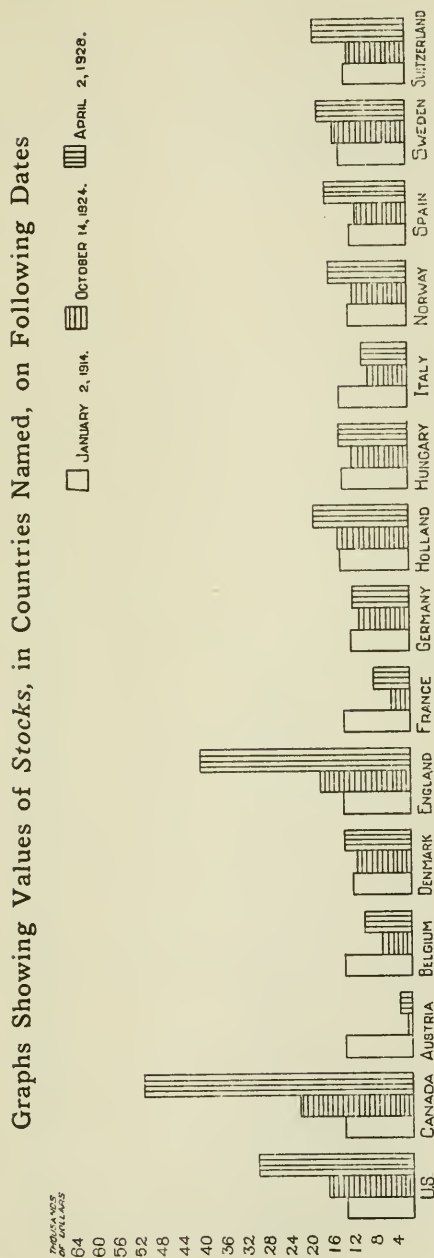


* Based on Chart originally published by "International Investor."

The official survey concludes that \$1,638,000,000 was held on balance in the United States by foreigners.

The greater the amount of foreign capital placed here temporarily the more the obligation rests with us, as a nation, to create in turn a reserve in the form of investments abroad, whether they be short-term loans, purchases of foreign currency, bonds and stocks, or permanent partnership or stock interests in foreign enterprises. Such a reserve can be drawn upon, if necessary, in order to facilitate the settlement of our foreign accounts. It is possible thus to defend our gold reserve against demands resulting from foreign needs, and to have an ample contingent fund against resale to us of American securities owned by foreigners—in other words, to protect the stability of the U. S. dollar.

Ordinarily, when the question of the possible inflow or outflow of gold is brought up, only the short-term credit position is considered as influencing the possible importation or exportation of the



Fourteen Years of European Investments

yellow metal from the United States. Time and again it is forgotten that, in case of a marked gold outflow, actual or potential, the nation, in order to balance, if necessary, its foreign accounts, could draw on its stock of those securities, bonds or shares, which are issued either in foreign currencies or payable both in U. S. dollars and some other currency. The usefulness of such assets in time of war is obvious; indeed, the Great War gave many instances of the wisdom of having such reserves.

INCREASED MERCHANDISE EXPORTS

The criticism has been directed against foreign investment that it deprives home industries and commercial and agricultural interests of capital, or, at any rate, increases the cost of such capital. In answer to this argument it has been pointed out that this is a natural flow confirmed by the fact that the enhanced export of dollars during the past years has coincided with an increase in our exports. (See graph on Page 10.) It is to be noted also that by far the largest proportion of our foreign investments during the last few years was made when call money rates in the United States were more or less stable and normal, while a distinct reduction in the purchase of foreign securities was noticed as soon as our call money rates began to reach levels comparing unfavorably with the yield on foreign investments. (See Table 51, Page 256.)

That the continuing favorable balances of trade of the United States are being made possible by our large foreign loans and investments abroad, has been emphasized in the report made a short while ago by the Committee on Recent Economic Changes, of which President Hoover was Chairman. This report summarizes the foreign situation and its effect on American industry as follows:

"Large exports have been made possible by the great volume of foreign credits placed in this country, with resulting stimulus to export industries.

"A long period of easy money rates in New York and uncertain currency conditions abroad resulted in a development of financial prestige for the United States, causing foreign balances substantially to increase and gold imports to grow.

"There was a resulting stimulus to speculation and to business arising from easy and plentiful short-time money.

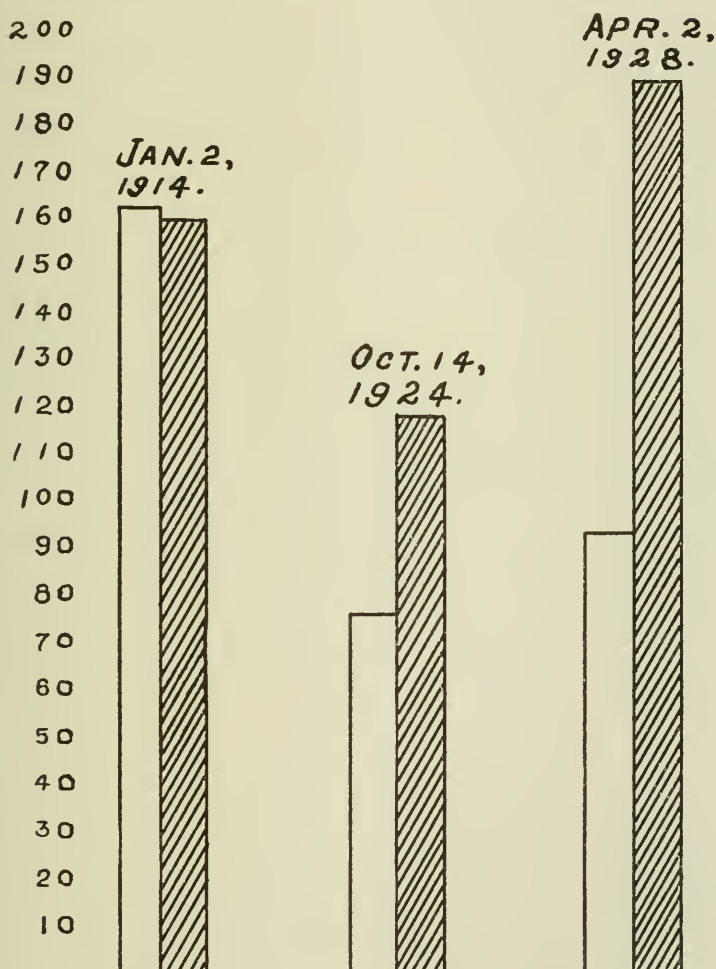
"This resulted in a further lowering of interest rates throughout

The Survey and Its Results

Graphs Showing Total Values of Stocks and Bonds, on Dates Specified, in All Countries Except Canada and the United States

□ BONDS ▨ STOCKS

THOUSANDS
OF DOLLARS



Fourteen Years of European Investments

the country and a resulting stimulus to business and to investment in our domestic as well as foreign securities.

"Finally, the heavy and rapidly increasing payments required of foreigners combined with the maintenance of our high tariff policy are forcing slowly and gradually, but none the less surely, an even wider separation in prices at home or abroad, with a resulting rapid increase in the expenditures of American tourists abroad and the migration of American industry to many foreign countries."

In some quarters, the opinion has been expressed that the exportation of American capital enables foreign laborers to compete with American laborers, and that the restoration of European industry with American capital would bring about severe competition to American industries, not only abroad but also in the domestic market. Dr. Marcus Nadler, of the Institute of International Finance, has answered these objections in the following terms:

"The fact that American wages and the American standard of living are not only holding their own, but are steadily increasing and by far surpass those of any nation of the world; the fact that American export trade is not only not decreasing but continually expanding, particularly as regards manufactured commodities, in which American industry comes into direct competition with European manufacturers; all indicates that these adverse prophecies were without foundation. Not only did the foreign loans issued in the United States not affect American trade adversely . . . they had a beneficial affect on the lending as well as the borrowing nation. . . . The economic restoration of Europe did not injure American trade abroad and did not affect the welfare of the American laboring class, because through the restoration of Europe and the increased prosperity of South America, the purchasing power of millions of people was increased and with it goes an increased demand for American commodities."

AN OFFICIAL POLICY IN FOREIGN INVESTMENT

The question has been raised as to how the maximum amount which a nation safely may lend to foreign borrowers can be determined. To a certain extent, the same basic conditions which limit a bank or private individual in extending credit may be applied to the world-wide financial activities of a nation. Just as a bank's total loans must be soundly proportioned to the amount of its resources

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as represented by capital, surplus and deposits, so a creditor nation must keep the total amount of its foreign loans and investments well within the lines where either temporary or prolonged inability of the debtors to meet their obligations will not embarrass it or create conditions at home which would unfavorably react on normal domestic development and prosperity.

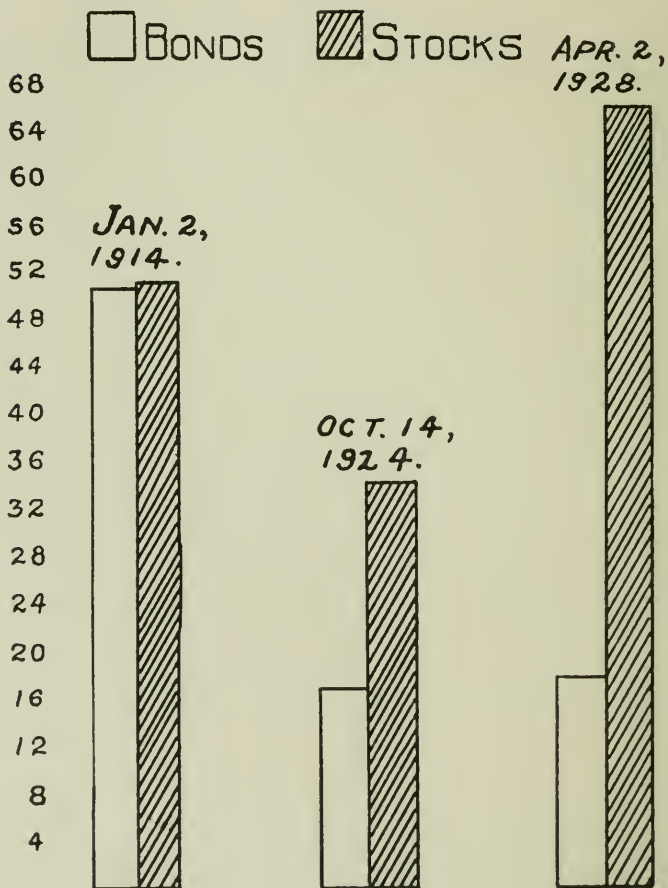
THE NEED OF NATIONAL BALANCE SHEETS

Thanks to the example set by the U. S. Department of Commerce, the presentation, for the investor, and, indeed, for all interested, of national balance sheets showing probable annual foreign revenues and expenditures, has been conspicuously advanced. Certainly the necessity for having precise and reliable data in this respect, both to protect foreign exchange and to serve as a foundation for settled policies, has become more and more apparent to leading banks of issue and ministries of finance. It is through such data that it can be determined in principle, at least tentatively, how long, by means of loans obtained abroad, a debtor country can cover annual deficits in required payments on foreign obligations, in the face of mounting interest and sinking fund charges on its foreign indebtedness of every character. Such mounting charges might be viewed with a degree of equanimity if a debtor nation could anticipate reasonably in the near or distant future a decided and lasting improvement in its trade balance, due to the opening up of new centers of production and markets either within its own or within the boundaries of neighboring or other countries.

Fourteen Years of European Investments

Graphs Showing Total Values of *Stocks and Bonds*, on Dates Specified, in *Belgium, England, France and Italy*

THOUSANDS
OF DOLLARS



CHAPTER III

ADVANTAGES OF FOREIGN LOANS TO A DEBTOR COUNTRY

One of the most important financial developments of the last decade—reestablishment of the gold reserves of European banks of issue—has been rendered possible by the generous and free movement of capital from the United States to Europe. This replenishment of European capital may be attributed directly to the purchase of foreign securities by citizens of the United States. It is true that, as has already been mentioned, some of the capital thus exported had been previously deposited or invested in the United States by foreign banks of issue and by foreigners for short terms, and was repatriated after stabilization of European currencies had taken place. But the larger part of gold shipments from the United States to Europe can be traced to the investment of American capital. This investment resulted in credit balances in the United States in favor of European borrowers, which balances were converted into gold and shipped to foreign banks of issue. Thus, without creating a favorable export balance, European countries were enabled to secure reserves permitting them to acquire in the United States the gold needed in order to place their paper currencies on a sound basis.

THE QUESTION OF PROPERTY OWNERSHIP

A certain amount of apprehension has been expressed abroad as a result of the increasingly large ownership by Americans of stocks in foreign companies. There has been frank expression of concern over the possibility of American control of foreign enterprises. On the other hand, even in the centers most affected, arguments have not been lacking, especially on the part of bankers and economists, that no distinction should be made between domestic and foreign stockholders.

Evidently it is a case of reconciling seemingly divergent interests. In all the discussion it must not be overlooked that a number of

Fourteen Years of European Investments

European countries are faced with the necessity of paying their annual balances, due on debts, to the United States. If, to meet these payments, they cannot increase materially their exports of merchandise, or settle in gold, it would seem to be imperative that they must encourage greater investment by Americans within their own boundaries. Certainly most European countries need additional permanent working capital for their protection, so long as the tempo of saving is so slow and the volume thereof so entirely inadequate. An obvious way for them to obtain this capital is to convert, as opportunity may present itself, their heavy short-term indebtedness into long-term loans. Much the same end would be attained by their inviting American finance more and more to participate in their enterprises through actual stock ownership.

After all, the policy pursued to-day by American banking and industry in going into foreign fields is analogous to that adopted more than a generation ago by English, French, Belgian, Italian, Swiss, and German capitalists, when they transferred excess funds to the United States, Canada, South America and the Far East to purchase an important part (if not the majority part, then practically the controlling interest) of a considerable number of railways, power plants, port equipment and varied industries.

LIQUIDATION OF WAR COST

The free international circulation of capital is an essential adjunct to the freedom of trade and only very grave emergencies could serve as justification for hindering its movement. Capital is loath to surmount obstacles in the nature of barriers set up between countries.

We are about to enter the final stage of complete liquidation of the cost of the war. The desire of capital freely to respond on a remunerative basis to sound demands upon it may be a very powerful factor in this liquidation. Something of this thought, no doubt, has actuated those charged with the establishment of a world financial organization in the form of the Bank for International Settlements to facilitate the payment of international obligations. If the complete or partial mobilization of reparations and allied debts involves indeed the sale of bonds prior to the transfer of proceeds to various countries, an appeal, on an immense scale, to international capital will have to be made. This appeal, first of all, would have to be based on the safety of the investment and, at the same time, would be

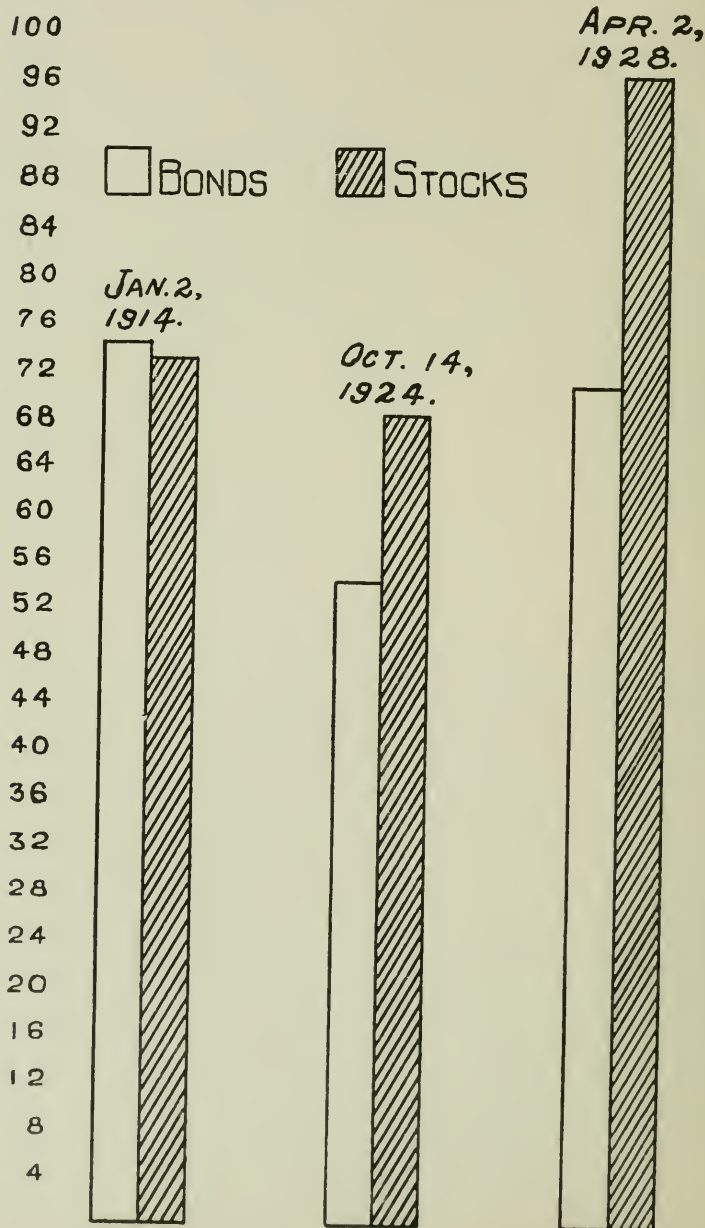
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postulated on the continued free circulation of capital, irrespective of frontiers.

The world-wide interest in the formulation of plans for the Bank for International Settlements is proof of the importance of this new instrumentality and of the possibilities inherent in the wise development of the institution. Its place as a clearing house for recognized international debts would seem to be assured; how much further it may properly go in the realm of international finance remains to be determined. Its evolution, if happily freed from narrow political or selfishly national interests, may be in the line of a cohesive force bringing countries together in wise financial policies for the general welfare. Great talents have gone into its inception and the determination of its functions. But an enterprise of such magnitude requires time and continued effort for the establishment of its scope and the working out of its details.

Graphs Showing Total Values of Stocks and Bonds, on Dates Specified, in *Denmark, Holland, Norway, Spain, Sweden and Switzerland*

THOUSANDS
OF DOLLARS



CHAPTER IV

THE CURRENCY RISK IN FOREIGN SECURITIES

The question may be asked, why, in connection with investment in foreign, fixed-interest bearing securities, preference should not be given to securities, the principal and interest of which are payable in U. S. dollars rather than in foreign currencies, and why in this study, this possibility has not been dwelt on.

The extremely restricted list of foreign securities payable in dollars available for selection early in 1914 would have offered no possibility of extended distribution. Moreover, with such issues as were to be found, one of the objects of geographical distribution would not have been accomplished; namely, the possibility of being able to dispose of this or that investment in various markets and thus being protected against the vicissitudes of events in any single center.

Finally, a foreign bond payable in U. S. dollars will, as a rule, be negotiable only on the New York Stock Exchange unless the issue was made originally in both U. S. dollars and foreign currencies. Experience has shown that the greater the number of Stock Exchanges on which a foreign bond or share is actively dealt in, the better; for in case of need, if some markets are closed or are not capable of absorbing foreign securities, others may be more favorably situated.

Of course, considered only from the point of view of security, so-called external issues, such as would be quoted in U. S. dollars on the New York market, are preferable, because, while they are not a prior lien in the legal sense of the word, experience has shown that, with few exceptions, foreign borrowers will endeavor first to honor their external obligations in order to maintain their credit abroad.

MORE THAN ONE MARKET ADVISABLE

A striking instance of the disadvantage of owning foreign securities quoted only in the home market is offered by the situation in

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France at the outbreak of the war. France, as distinguished from Great Britain, previous to 1914, had placed a great part of her excess capital in foreign bonds issued in France and quoted only on the Paris Bourse. When the war came, there was no market for most of these securities other than the French Stock Exchange, and this proved a great handicap for the holders as, naturally, the foreign demand was lacking. The case was different with bonds payable in sterling, guilders, U. S. dollars, etc., as it was possible to dispose of such bonds in other centers and thus to accumulate funds with which to pay for French war purchases.*

Foreign currency bonds thus have proved to be a valuable financial reserve for a country whose citizens own them. They offer greater facilities for conversion into cash through sale in a market other than the home market. They are more mobile than other forms of investment (real estate, purchase of factories and plants, and partnerships in enterprises) and, as a rule, can be more easily disposed of, whether at a sacrifice or not, in case of threatening difficulties. Whatever additional risk the investor may consider he runs when holding foreign securities is generally compensated by the higher income derived from such investment, a difference large enough, in many cases, to permit the investor, if he feels so inclined, to amortize yearly a part of the principal and thus create a latent reserve against any future contingent losses on account of currency depreciation, or for other reasons.

FLUCTUATIONS IN EXCHANGE

Of course, the question of exchange fluctuations in connection with securities payable in foreign currencies ordinarily is puzzling to the potential investor. In the United States it must be met and explained by the issuing house, broker or security company in recommending foreign securities, unless both the principal and the interest or dividends are payable in U. S. dollars, as well as in foreign currencies. The European who cannot travel, as a rule, more than twenty-four hours at the most without crossing the frontier post of his neighbor, ordinarily is less reluctant than a person who lives three or four thousand miles away, to buy a security which is

* For instance, a credit was opened in the United States, secured by Pennsylvania Railroad Bonds and Chicago, Milwaukee & St. Paul Railroad Bonds, which were furnished to the French Government by French holders who were asked to loan these securities to their Government as a patriotic duty.

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not payable in his own currency; he is not so much concerned as, for instance, the American capitalist is with the way the fluctuations in exchange may affect the value of securities in certain contingencies.

With respect to this matter of exchange fluctuations, it may be pointed out that many of the foreign securities considered in this study certainly have stood the acid test of financial catastrophe. If it can be shown that the investor who, acting consistently and on a large scale in accordance with the principle of geographical distribution and diversification, as applied in this study, has been able on balance not only to conserve the integrity of the capital placed in such securities, but even to increase it, the showing would be evident proof of the fact that, notwithstanding adverse circumstances, losses due to exchange depreciation on some of the investments, will be more than offset, as a rule, by compensating profits on the rest.

We have not assumed that the more experienced investor in foreign securities might have protected himself against the drop in exchange through contracts for the sale of the currency for future delivery; as a matter of fact, in practice, the great majority of investors are not versed in the somewhat complicated machinery of foreign exchange trading and, so, would not be in a position to have recourse to such a procedure.

PRESENT AND FUTURE CURRENCY STABILITY

Looking into the future, it may be asked, in view of the precedent created during the war, if it is not likely that history may repeat itself in currency fluctuations, repudiations, etc., notwithstanding the sound basis upon which the currencies of most of the important countries now have been placed. The answer is that the period of deviation from sound monetary principles in Europe may be said to have come to an end by October, 1924. Since then all of the leading currencies, with one exception, have been stabilized, so that to-day, from the point of view of the investor, with respect to the exchange risk, the security payable in foreign currency—all other things being equal—is not inferior to, for instance, a dollar bond, so long as this stability is maintained. The ravages of depreciation and paper inflation during the war and their effect on countless business enterprises and the fate of individuals, were so direct and so devastating that practices such as depreciation and inflation have

Fourteen Years of European Investments

become more and more to be regarded as only a last resort. It cannot be denied that there are contingencies with which, in theory, we must be concerned, but practically, we may consider them as remote—in fact, more remote even than the contingency of another great war.

CHAPTER V

METHODS USED IN APPLYING THE TEST

To carry through a test of the theory of the geographical distribution of capital from the most practical viewpoint, it must be concerned with definite amounts, and such amounts in turn must be given a fairly wide distribution over a reasonably extended area.

INVESTMENT IN DIVERSIFIED SECURITIES

It was therefore assumed that an investor had decided on January 2, 1914, to send approximately \$25,000 each to thirteen of the most important European countries and at the same time to invest a like amount both in Canada and in the United States.* It has been further assumed that this capital would not be withdrawn irrespective of events, and that it stayed in all these countries continuously from 1914 to April 2, 1928, when finally the investments were realized upon, and their proceeds converted back into United States dollars.

It was found desirable also to include in the tables the value of the capital as of October, 1924, this time being selected because it seems, generally speaking, to coincide with the moment when the efforts again to stabilize European currencies actively started.

In all, the total capital to be invested in Europe was, in round numbers, \$325,000, and in Canada and the United States \$50,000.

The figure of \$25,000 for each country was chosen because of the desire to obtain a fairly large diversification, which would not have been possible with a smaller amount. Even so, in some cases it has been necessary to quote fractions of stocks which, of course, could not have been obtained in practice, but in view of the object in mind, this seemed to be permissible.

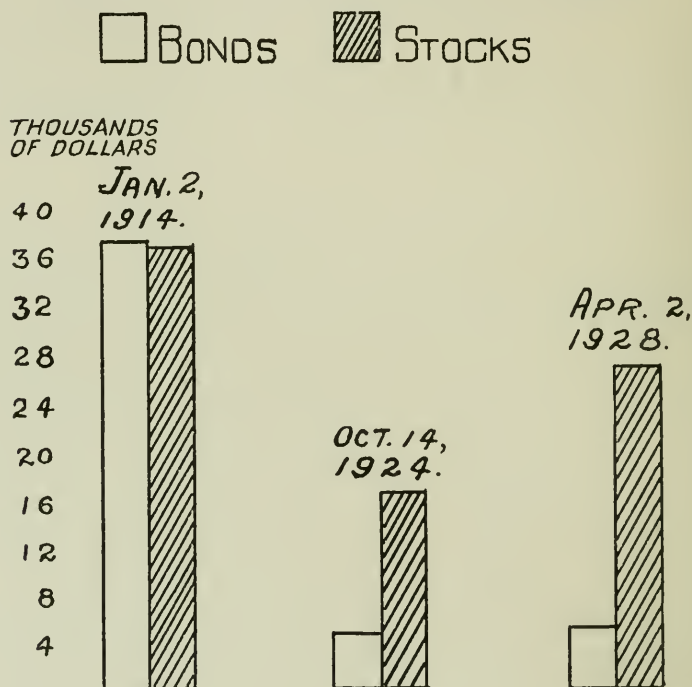
For the purpose of this study, it is obvious that consideration could have been given to only those European countries with active

* For the sake of convenience, the author has based his argument and computations on a \$25,000 unit in United States dollars; he might have chosen with equal justification a unit in another currency, such as, for instance, £5,000 or 600,000 Frs. or 100,000 Marks.

Fourteen Years of European Investments

markets in 1914, for comparison and the record of changing values are the bases of the survey. Otherwise, it would have been of interest to trace at the same time the course of securities in the Succession States. Moreover, an inquiry, the scope of which contemplates world diversification in investment, would, of course, also

Graphs Showing Total Values of *Stocks and Bonds*, on Dates Specified, in *Austria, Germany and Hungary*



have to include investments in continents other than Europe, notably South America.

In undertaking such a transaction there were two ways open. The first method would have been to convert the dollars into foreign currencies, to transmit these currencies to foreign banks, with instructions that the banks make investment in first-class bonds and stocks, holding the bonds and stocks in safekeeping, collecting coupons and dividends, making substitutions when necessary, receiving stock bonuses, selling the rights to new stock, if any, or subscribing to

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additional shares if possible without adding to the capital originally invested.

TIME DEPOSITS IN FOREIGN CURRENCIES

The second method would have been to send the money to a first-class bank in each of the foreign countries, and have the bank convert the dollars into the currency of the country and keep the proceeds on time deposit. In view of what happened in the years following 1914, this case of a bank deposit (without investment in securities) has also been studied and illuminated. This, of course, gives at the same time a picture of the results which would have been obtained in what might be termed a foreign exchange speculation, pure and simple. But we have considered this eventuality only for the purpose of comparison, because it is evident that only in rare cases would anyone leave money, available for permanent investment, on fixed deposit in foreign banks for a period of some fourteen years without investing it in some form or another, if it represented permanent savings.

It was not considered expedient to review as a matter of further comparison the appreciation or depreciation in value of other forms of investment, such as real estate or commodities.

BONDS AND STOCKS

The study makes a careful distinction between investment in bonds and investment in stocks, so as to show exactly the different results obtained in either category and permit conclusions to be drawn between fixed interest-bearing securities, and stocks. The results obtained in either case are radically different one from the other, as will be seen.

It has been assumed that the investor expressed the desire to have half of the capital invested in bonds, and half in stocks, leaving the banker or other investment authority consulted the fullest leeway as to diversification of the securities within this general classification. It will be seen at once that if the investment had been made all in bonds, or all in stocks, the results would have been different. This is shown in detail in Tables Nos. 41 and 42.

It also will be seen that had the investor decided to invest 25% in bonds and 75% in stocks, the results again would have been different; that the individual bonds and stocks selected would have

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materially influenced the result; and finally, that the ratio of each bond or stock, as compared to the total would have affected the final results.

As far as possible, it has been attempted to obtain the same class of information from all of the countries considered. In practice this has not always been feasible because of the difficulty, after these many years, in securing data. In cases where the information given differed in some particulars from the general presentation, an effort has been made to adjust the calculations in order that the comparisons may be equitable.

MAIN OBJECT: SECURITY OF PRINCIPAL

For the particular purpose of this study it has been felt that it would be more interesting to give the most space and consideration to the fate of the principal invested. After all, the return of bonds and yield of stocks over a considerable period, given a stable currency and solvent borrowers, or enterprises of approximately the same high standing, are dependent mainly on one important factor. This factor is the monetary situation; and because the monetary situation fluctuates more or less frequently due to constantly changing elements, it cannot be predicted with reliable accuracy from the background of past experience. On the other hand, appreciation or depreciation of the principal over a long period of time generally will be due to certain broad causes which render less hazardous the drawing of definite and, on the whole, specific conclusions.

COMPILATION OF FIGURES

It has been attempted, as much as possible, to pursue a uniform method with respect to the compilation of the tables which form part of this study. However, in some isolated cases, it was found impossible to adhere to the general scheme; thus, in some instances as regards the return on bonds, or yield on stocks, a small discrepancy is shown because of the fact that the net return or yield, after deduction of taxes, was taken as a basis instead of the gross return. Furthermore, in connection with rights obtained from stockholdings or stock dividends distributed as a bonus, there is a slight difference in procedure, although the result was not affected by the different method pursued; for instance, in some cases, the rights or stock

The Survey and Its Results

dividends have been sold for cash and the proceeds added as an appreciation of the principal. In other instances, the proceeds of the sale were assumed to have been invested in new stock, and therefore were represented by additional shares and the return thereon. Finally, in a few cases, it was considered that the investor might have sold sufficient rights to realize the required amount of cash in order to be able to subscribe to some additional stock, without adding to the capital originally invested by him. In one case, it was assumed that the investor had used the returns from his original capital to subscribe to new stock. However, this assumption has been taken into account when the results were analyzed.

Fourteen Years of European Investments

Graphs Showing Total Values of *Stocks and Bonds*, on Dates Specified, in the *United States and Canada*

□ BONDS ▨ STOCKS

THOUSANDS
OF DOLLARS

80

76

72

68

64

60

56

52

48

44

40

36

32

*JAN. 2,
1914.*

28

24

20

16

12

8

4

*OCT. 14,
1924.*

*APR. 2,
1928.*



CHAPTER VI

WHAT THE INQUIRY SHOWS

DIVERSIFICATION VINDICATED

The results of this study show that the original capital of \$371,102.38 which, in theory, had on January 2, 1914, been invested in 15 different countries would have grown by April 2, 1928, to \$384,537.84, equal to a gain of \$13,435.46.

Notwithstanding the many unfavorable circumstances to which reference has been made, the investor would have been able not only to collect again without loss the total capital distributed in 1914—some of it sent to countries which were exposed to invasion, some of it to states which went through domestic revolutions and some of it to an empire which crumbled—but even to point to a moderate profit made on this international investment, in addition, of course, to the annual income obtained.

RESULTS IN EUROPEAN COUNTRIES

If our investor had placed all his funds in Europe (exclusive of the United States and Canada), he would on balance have lost 12.94 per cent of the capital.

It will be seen that by reason of the depreciation of their currencies a more or less substantial part of the investments made in Austria, Germany and Hungary was irrevocably lost.

It is also true that only 45.90%, 30.22% and 42.83%, respectively, of the investments made in Belgium, France and Italy were saved.

On the other hand, the capital invested in Denmark, Norway, Spain and Sweden showed moderate increases.

Finally, the investments in England, Holland, Switzerland, United States and Canada reflected a very substantial growth in value.

In this connection, it is interesting also to compare the results that would have been obtained by investing in various groups of European countries, the so-called neutrals, the allied countries and the central European states.

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A capital of \$147,045 invested in the so-called neutral countries on January 2, 1914, would have increased by April 2, 1928, to \$166,205 = 13.03% gain.

A capital of \$100,109 invested in England, France, Belgium and Italy on January 2, 1914, would have decreased by April 2, 1928, to \$82,236 = 17.92% loss.

Finally, a capital of \$73,624, invested in the central European countries on January 2, 1924, would have been reduced by April 2, 1928, to \$32,238 = 56.21% loss.

COMPARISON WITH UNITED STATES AND CANADA

A capital of \$49,981.60 invested on January 2, 1914, about one-half in the United States and one-half in Canada (always taking as a basis, the securities and figures used in our calculations), would have grown by April 2, 1928, to \$104,916.70 = 109.91% gain.

Had our investor restricted his holdings entirely to American securities, it will be seen that his capital would have increased by 69.89%.

In this connection, it should be remembered that contrary to the methods hypothetically adopted in the other countries, it has been assumed that a conservative American investor in 1914 would not have invested 50% of his \$25,000 capital in common stocks, but would have placed only 34% in common stocks and 16% in preferred stocks.

If half of the capital had been invested in bonds and half in common stocks, the result for the United States would have been an increase in capital of 97.52% instead of 69.89% for the diversified investment in preferred stock, common stock and bonds.

In general it must be remembered that a broad and steady rise in the value of securities took place both in the United States and in some European countries from April, 1928, to the middle of 1929 which improves the picture to a certain degree as far as the results of the investments up to the middle of 1929 in the particular countries affected are concerned. (See Table No. 40 showing the value of diversified stocks bought in fifteen countries on the basis of market quotations prevailing during the first half of 1929.) During the latter part of 1929 liquidation, not only in the United States but also in England, Germany and some other countries, brought back security values from the peaks attained early in that year to a

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level bearing out in a general way the conclusions based on the 1928 figures entering into this study.

STOCKS VERSUS BONDS

In the case of investments in foreign currencies, under adverse circumstances, such as currency crises, the advantage of an investment in stocks over bonds is particularly striking. As regards European securities, the present examination confirms the fact that an investment in stocks would have been far more profitable than an investment in bonds, showing for the thirteen countries considered, a gain of 18.13% in stocks as against a loss of 42.82% in bonds.

Attention here may be called to the effect on equity values from a constant following out of the policy of carrying to reserve a sizable proportion of yearly profits. A compilation recently made by a prominent Dutch bank,* shows some interesting results following the pursuit of such a policy. For example, if net annual profits of an industrial company amount, on the average, to 10%, and one-quarter of such profits are carried to reserve, the yield on the company's capital would double in twenty-eight years; and if the net annual profit, figured in capital percentage, amounts, on the average, to 16 per cent, and 26.3 per cent of such profits is carried to reserve, the company's capital yield, other conditions remaining the same, would double every seventeen years.

Of course, as regards the drop in value of fixed interest-bearing securities, it must be borne in mind that the conclusion may apply only to such extraordinary times and conditions as were experienced during 1914 to 1919. In studying the decline in value of the bonds it also must be remembered that in the period under review the value of money generally was reduced. This same factor of the changing value of money also has to be taken into account when considering the rise or fall of stocks of companies with funded debts. The effect of the declining value of money will differ to the extent that the company has funded debts. It will profit by the declining value and lose by the rising value of money.

No attempt has been made in this study to reduce the figures shown in our tables to terms of the purchasing power of money in the various countries. However a table is annexed (Table No. 54) showing the movement of wholesale prices in the fifteen countries

* *Nederlandsche Handel Maatschappij*, Amsterdam.

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considered for the period covered by this survey. It is obvious that such a comparison would have led the author too far afield. It is believed, however, that the conclusions which might have been drawn from such an additional analytical examination would have but confirmed the fact that high grade common stocks are for all practical purposes the best means of protection against shrinkage in the purchasing power of capital and income over a long period of years.

The fact that bonds in Europe on the whole still have maintained their place as compared with stocks, in the esteem of the investor, is the more remarkable for two reasons: First, the discovery during the war that the owner of stocks was less affected than the owner of bonds by the decreasing purchasing power of money; and second, the generally growing speculative tendency all over the world, which has found its reflection in greater public interest in the purchase of equities in supposedly favorably situated industrial and other enterprises. Whether this tendency—profoundly affected by mass psychology—will exercise a permanent influence on investment, both foreign and domestic, can be determined only as the years pass.

The writer endorses frankly the view of those who believe that in the long run the actual yield of stocks—whether domestic or foreign—will determine their value as compared with other forms of investment with which they compete for the favor of the capitalist. Only to the extent that over a reasonably long period of time the average annual increment in value exceeds the loss in yield as offered by other investments of equal soundness, would it seem that shares can justify the preference they have enjoyed especially in the United States. Examination of fluctuations in stocks on European Stock Exchanges over a prolonged period of years shows that there is a theoretical limit traced by the demand for and the purchasing and earning power of money, which will come into play sooner or later and help stocks find a level corresponding to domestic and international values.*

GEOGRAPHICAL DISTRIBUTION FOR EUROPEANS

So far, we have examined the situation from the point of view of an individual who placed the greater share of his capital in

* Shortly before this book went to press a drastic decline in American common stocks was registered, the event being unexpected by many investors who in hoping for appreciation in value of securities had overlooked, in numerous instances, the relation of earning power and yield to the price of stocks.

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Europe for investment. This individual might have been an American, English, French or Dutch investor, or an investor who in 1914 was a subject of any one of the other European countries considered in this study. From the special point of view of the European investor, in the light of the events which have taken place on the Continent between 1914 and 1928, it is of great interest to examine how capital can be protected, through diversification and geographical distribution, against convulsions at home.

For example, we find that if a Belgian, French or Italian had, early in 1914, invested his capital in the same proportions that we had estimated in the fifteen countries indicated in this survey, he would have increased his original capital at the end of the fifteen years by $3\frac{5}{8}\%$ instead of losing 54%, 70% or 57%, respectively, as he would have done if he had restricted his investments to his own country.

During the War, financial relations between the belligerents were interrupted and resulted in the sequestration and confiscation of property of alien enemies in England, France, Belgium and Italy. But even if a German or Austrian investor had followed the principle of geographical distribution and diversification by investing $\frac{1}{15}$ of his capital in each of the fifteen countries (including the allied countries) he would have lost only 18% of the total capital originally invested, instead of losing 49% or 80% respectively, as he would have done had he limited his investments to German or Austrian local issues and loans.

Inasmuch as by apportioning investments all over Europe and the United States and Canada, the principal of investment made in 1914 would have increased 3.62% by April 2, 1928, the Norwegian, Spanish, Swedish and Swiss investors, who might have adopted the principle of geographical distribution for the investment of their capital would have been in a less favorable position than if they had strictly limited their investments to their own countries. Indeed, through such distribution, they would have made a gain of only 3.62% as against gains of 4.66%, 13.05%, 16.3% and 20.20%, respectively, had each restricted his investment to his own country. On the other hand, the Danish investor would have made 3.62% through diversification as against 0.9% gain on an investment of his total capital in Danish securities.

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BANK DEPOSITS

If it is desired to compare the results of an investment in securities and a deposit of currency in foreign banks, reference is to be made to Table No. 49. This table shows that if on January 2, 1914, an American investor had deposited \$25,000 in each of thirteen European countries and had left this sum on deposit without converting it into bonds or stocks until April 2, 1928, he would have lost by that time 36.12% of his original capital, because of the severe currency depreciation which took place in certain European countries such as Austria, Germany and Hungary (where the capital was entirely wiped out). Of the amounts deposited in Belgium, France and Italy in the same manner, only about 15%, 21% and 18%, respectively, still would have been available on balance.

On the other hand, deposits in Denmark, England, Holland, Norway, Sweden and Switzerland would have remained intact. Spain would have shown a reduction of capital amounting to 8%.

Table No. 50 is explanatory of Table No. 49. It shows the amounts in foreign currencies which \$25,000 represented at the various dates.

EFFECT OF CURRENCY DECLINE

A comparison of Tables Nos. 39 and 49 reveals the interesting fact that were it not for the depreciation of currencies, the European investments selected, instead of showing a total loss of 12.94% would have shown a gain of 23.18%. Instead of having repatriated only \$279,572.38 out of our original capital of \$321,136.38, there would have been obtained \$395,575.79. Thus it would appear to be demonstrated that—had it not been for the unprecedented depreciation of the exchanges—the investment abroad, as compared with the investment in North America, would have shown the following results on the basis of figures adjusted accordingly:

Investment in United States and Canada...	Average gain of 110.13%
Investment in Europe.....	Average gain of 23.18%

THE YIELD OF FOREIGN SECURITIES

Contrary to our experience at home, the average return on fixed, interest-bearing securities in thirteen European countries, as reflected in our tables still is considerably smaller than the annual cash divi-

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dend yield on stocks. While the average interest collected on bonds, based on our calculations as of April 2, 1928, was 3.57%, the yield on stocks at that date was 5.03%. In the United States and Canada on the same date the average yield on bonds was 4.93% and that of stocks, 2.67%. At that time, only in Belgium, England, France and Spain were bonds capitalized at a higher average rate than stocks.

From the restricted angle of a comparison as between the yields of the domestic stocks and the foreign stocks considered in our survey, it is certainly interesting to note that stocks in the United States on April 2, 1928, gave an average yield of 2.87%, while foreign stocks paid average dividends of 5.03%.

On the other hand, the average return on selected bonds in the United States as of April 2, 1928, was higher than the average rate in thirteen countries of Europe, namely, 4.38% as against 3.57%.

The cosmopolitan investor who had placed his capital in both the United States and Europe in the manner taken as a basis in this survey, would have obtained on April 2, 1928, an average return on bonds of 3.75% and on stocks 4.71%. Had he limited his investments to the United States only, his income from interest on bonds would have been 4.38% and from dividends on stocks 2.87%.

In connection with the return on bonds it must carefully be borne in mind that our tables are based on investments made in 1914 and that bond investments in Austria, Germany and Hungary had depreciated so enormously that the return on 1914 holdings was practically nil in 1928. If the figure for bond returns in April, 1928, had been rectified for the three countries in question on the basis of actual returns on new bonds bought on or about that date and yielding from 7% to 8%, the average return on the bonds in the thirteen European countries would in this case be nearer 5.19% instead of 3.57% as correctly shown in the table on the basis of the original investment.

Moreover if the return on Austrian, German and Hungarian bonds is adjusted on this basis, it will be seen that on April 2, 1928, the annual yield on securities bought on the principle of geographical distribution was in nine countries greater than the yield on the respective domestic issues.

If, when calculating the annual yield, it is desired to take also into account the appreciation of the principal during the years 1914 to 1928, it is found that the American common shares selected by

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us for the purpose of this survey gave an additional annual yield of 5% of the capital originally invested, while stocks in fifteen different countries during the same period showed an additional average annual gain of only 3.18%.

RATIO OF DIVERSIFICATION DECISIVE

The percentages adopted in the present study for the distribution of the securities over the various countries are not represented as being ideal. They were adopted for reasons of convenience, in order to obtain a picture applicable to a number of foreign countries indiscriminately. For instance, looking at the problem strictly from the angle of the American investor, a hypothetical investment of two-thirds of the capital in American securities and one-third in the securities of fourteen different countries would have shown a total capital gain in fourteen years of 46.18%. If the investment had been in American securities only, the total capital gain would have been 69.89%.

The average yield for investments in American securities on April 2, 1928, would have been, in this case, $3\frac{5}{8}\%$, while the average yield in the diversified investment (two-thirds American securities and one-third European securities) would have been 3.85%. It follows that diversification and geographical distribution and the greater theoretical security which goes with it, could have been obtained under the conditions which we have assumed above, at the cost of one-third of the average capital gain, such sacrifice being, moreover, partially compensated by a gain of about $\frac{1}{4}\%$ in the average annual return.

OFFICIAL STOCK INDICES CONFIRMING TEST

Before drawing any definite conclusions from the tables prepared in connection with the present investigation, it was considered essential to determine whether the results shown correspond, at least in a general way, to those reflected by the official stock indices prepared in the various countries. A Paris financial daily of high standing * early in 1929 published the average yearly quotations of certain leading stocks in the most important countries. These averages are based on the quotations for 1913 or 1914, which are rated at 100, and all have been reduced to gold.

* L'Information.

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INDICES OF STOCK QUOTATIONS

	1924 AVER- AGE	1926 AVER- AGE	1927 AVER- AGE	1928 AVER- AGE	JAN., 1929, OR LAST IN- DEX PUB- LISHED	PERCENTAGES OF CHANGES BETWEEN 1924 AND 1928 IN PER CENT ¹	
						<i>As Revealed by Official Stock Indices</i>	<i>As Revealed by Tables in Present Study</i>
Austria	11	7	10	10	10	9.10 ²	114.41
Belgium	68	43	60	91	98	33.82	52.42
Denmark .....	...	84	93	92	96	9.52	51.60
England	146	186	201	237	259	62.32	84.90
France	56	39	58	84	111	50.00	89.77
Germany	26	35	51	49	48	88.46	217.98
Holland	46	55	60	62	63	34.78	44.76
Hungary	10	11	20	20	19	100.00	16.03
Italy	56	51	51	60	63	7.14	6.95
Norway	24	35	42	43	44	79.16	38.57
Spain ³ .....	...	...	...	...	...	.....	.....
Sweden	34	42	49	58	60	70.59	19.40
Switzerland ..	53	75	89	100	100	88.67	53.24
Canada ³ .....	...	251	331	465	573	85.26	136.53
United States.	126	198	228	293	397	132.53	75.49
						59.51	71.57

¹ Percentages of changes added by the author of this study.

² Decrease.

³ No figures available.

Some differences are rather striking, if results of individual countries are selected for comparison. These variations are, of course, accounted for by the different makeup of the securities chosen. In this connection, it may be pointed out that the shares selected for the present study are such as would have appealed in 1914, whereas the schedule appearing in the Parisian financial daily is based on stocks selected in 1924. Moreover, the general trend as reflected in the average figures of 59.5% increase for the four-year period, 1924 to 1928, as against 71.57% (the figures in the present study) is the same. Also, the difference of 12% between the two results represents, in reality, a difference of only 6%, if applied to the present study, because only half of our total investment was represented by stocks, while the rest, invested in bonds, naturally was subject to only a relatively small average variation in price.

The report published by the President of the New York Stock

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Exchange for the year 1928-1929 contains also a restricted number of foreign indices of listed shares and bonds for the years 1925 to 1929. These indices, furnished for monthly periods, have been averaged for the respective years for the purpose of this study, and are reproduced on Tables 52 and 53, Pages 257 and 258. *The official indices prepared in the various countries must be regarded as confirming fully the aggregate results shown in the present study.*

CHAPTER VII

OTHER OBSERVATIONS SUGGESTED BY THE TEST

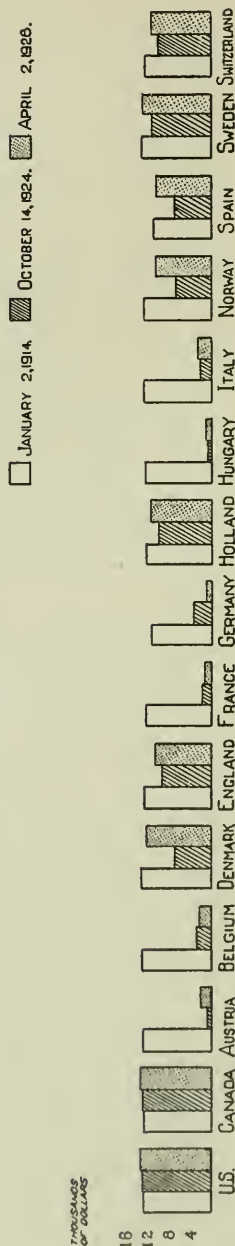
The present analysis has revealed that for the intelligent capitalist who had properly diversified his investment holdings in fifteen different countries of America and Europe, the record would have been satisfactory, especially if one considers the fact that the results were obtained in the face of abnormal conditions—indeed the most unfavorable circumstances which could be imagined for such a survey. Despite prejudicial conditions, the losses recorded in some fields were more than compensated by the gains made in others. To be sure, the gains are smaller than would have been the case had investments been limited, say, to the United States or Canada.

FOREIGN AS AGAINST DOMESTIC INVESTMENTS

Yet it will be readily admitted that investments at home are not immune from depreciation. Much depends upon the judgment of the individual investor, or on the excellence of the advice which he receives from his banker, broker, or investment house. In the case of both domestic and foreign investments, a study of the credit risk of the borrower and a careful check-up of all the factors which affect the investment are necessary. It is a matter of pride, of course, to say to ourselves that our currency has proved for generations to be the safest and soundest of all. However, the citizens of no great country—least of all, citizens of the United States at the present time—would be content to restrict investments to their own confines, thereby losing trade advantages and world diversification. It is to be remembered that effective world diversification of investment covers numerous countries and industries and brings in, too, different borrowers, maturities and forms of obligation. Such diversification is especially desirable when the amount to be invested in the aggregate is rather substantial and calls, therefore, for a larger scale policy than when the problem of investing relatively small savings is to be considered.

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Graphs Showing Values of Bonds, in Countries Named, on Following Dates



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THE NEED OF COMPETENT FOREIGN INVESTMENT COUNSEL

The objection might be raised that, in order to carry through a broad international diversification, it is necessary to have exceptional facilities for investigation, so as to protect the principal at all times. There is no doubt that for investment abroad intelligent and experienced counsel is needed. With the constantly growing appreciation of the importance of having on hand the most complete information on the financial and economic conditions of our foreign borrowers, a vast amount of time and effort has been intelligently devoted to the securing of just this information. Various public organizations have been formed for this specific purpose, particularly during the past decade, and there has been increasing service in this respect by the economists and statistical departments of our banks, investment trusts, security companies and private issuing houses. Certainly, it is possible to-day to secure competent advice and guidance with regard to foreign investments. Yet a great deal remains to be done in order still further to acclimate foreign investments in the United States.*

SAFETY OF FOREIGN INVESTMENTS

Every investigation of securities, whether foreign or domestic, demonstrates the fact that the good faith of a borrower and his ability to pay his debts constitute the bases on which any sound credit structure rests. Between 1914 and 1928 a great majority of European borrowers gave proof of their traditionally high sense of honor, as witnessed by their sincere efforts to meet obligations. This is true not only of many governments, but of very many individual borrowers. There were, to be sure, instances where the moral fiber showed weakening; but, without excusing any such developments, it certainly is to be borne in mind that the World War brought many

* The Foreign Securities Committee of the Investment Bankers' Association of America urged in 1929 that investment bankers in the United States should undertake a co-operative campaign to educate American investors in the purchase of foreign bonds. In its report the Committee stated that to assist the United States "in retaining supremacy as the leader in the issuance of foreign securities and as one of the leading export nations of the world, it is desirable in the opinion of your committee, that a publicity campaign be inaugurated by the publicity and education committee of the Investment Bankers' Association of America in conjunction with the Institute of International Finance to disseminate educational information on foreign credits and securities." The Committee also observes: "that the lower prices now obtaining for foreign bonds is due to market rather than intrinsic condition. Generally speaking 1928 has evidenced further improvement in the economic and political conditions of the principal countries of the world and it would therefore appear that the intrinsic value of the securities of most foreign countries that have come in the past to the United States for financial assistance is even higher than before."

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catastrophic financial events. It is to be questioned whether, particularly in view of the severity of the conditions, the War did not show that foreign investments, by and large, were not as safe as investments in other broad fields.

Of course, the more we follow this new path of foreign investments, the more rests upon us the obligation of studying intensively and diligently the progress of events abroad, especially such events as are revelatory of the soundness of the financial policies pursued by the governments, business enterprises and individuals, the legal protection accorded to American capital in foreign countries, and in general the attitude of fair play for the benefit of our nationals. It appears advisable to include in this study some considerations regarding the legal situation of an American owner of securities or investments in foreign countries. This part of the study (see pages 109 to 128) has been confined necessarily to somewhat general statements, but it is hoped that what is said will emphasize the importance of a phase of the subject which, on occasion, calls for particular attention.

LIFE INSURANCE COMPANIES AND FOREIGN INVESTMENTS

Life insurance companies are not as yet permitted by law to purchase foreign securities, except securities of any foreign country in which they are licensed to do business; and, even in that case, their investments are limited by their aggregate reserve on policies of insurance in force in such foreign country. Furthermore, except in the State of Connecticut savings banks are not authorized to include foreign bonds among their legal investments.

INVESTMENT TRUSTS IN FOREIGN SECURITIES

While specific data are not available, it is assumed generally that the majority of investment trusts operating in the United States have concentrated so far mainly on domestic securities rather than on foreign. The geographical distribution of the foreign holdings of four corporations included in one group of companies throws an interesting sidelight on the policies pursued by those American investment trusts which have bought foreign securities on a more conspicuous scale:

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PERCENTAGE OF GEOGRAPHICAL DISTRIBUTION OF INVESTMENTS AS OF NOVEMBER 30, 1928

	<i>1st Corp.</i>	<i>2nd Corp.</i>	<i>3rd Corp.</i>	<i>4th Corp.</i> ¹
Northern Europe	3.527	.....	.....	.....
United States of America	19.251	15.881	14.728	20.081
British Commonwealth of Nations	12.917	4.477	12.889	21.917
Central and South America	4.373	6.288	2.661	3.174
Western Europe	1.023	11.135	8.849	6.849
Central Europe	17.158	37.719	41.553	23.405
Eastern Europe	3.394	4.767	4.281	5.300
Southern Europe	4.009	.....	.....	.....
Japan and other Asiatic Countries	9.390	4.041	6.458	6.626
	75.042	84.308	91.419	87.352
Cash	24.958	15.692	8.581	12.648
	100.000	100.000	100.000	100.000

¹ Foreign.

As to the currencies in which cash and investments were expressed and payable, the following table as of November 30, 1928, is instructive:

<i>Currency</i>	<i>1st Corp.</i>	<i>2nd Corp.</i>	<i>3rd Corp.</i>	<i>4th Corp.</i> ¹
	%	%	%	%
United States Dollars	50.875	58.495	36.901	47.112
Pounds Sterling	15.588	7.277	17.898	24.398
Reichsmarks	7.638	19.714	24.585	11.958
Japanese Yen	4.034	1.365	3.013	2.618
Austrian Schillings	3.950	2.896	5.230	1.846
Dutch Guilders	3.141	1.754	1.736	1.323
Colombian Pesos	2.878	.....	.....	.....
Hungarian Pengos	2.303	1.021	1.979	1.998
Danish Kronen	2.213	.....	.....	.....
Norwegian Kronen	1.837	2.289	1.380	1.754
Italian Lira	1.175	.....	.....	.....
Other Currencies	4.368	3.854	5.177	5.819
French Francs .....	.....	1.335	2.101	1.174
	100.000	100.000	100.000	100.000

¹ Foreign.

As a matter of further interest, the report of the same group of companies as of the same date furnishes illuminating classifications of their investments, showing the diversification among bonds, preferred and common stocks, as follows:

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	1st Corp.	2nd Corp.	3rd Corp.	4th Corp. ¹
	%	%	%	%
Bonds	21.917	66.367	50.620	37.351
Preferred Stocks	10.274	3.753	3.288	9.679
Common Stocks	42.851	14.188	37.511	40.322
Cash	24.958	15.692	8.581	12.648
	100.000	100.000	100.000	100.000

¹ Foreign.

A final classification also of the same date makes a distinction between the various investments of three of the corporations, with respect to the type of borrower (Governmental, Municipal, or private) and the economic activity exercised by the last named type:

	2nd Corp. %	3rd Corp. %	4th Corp. ¹ %
<i>Bonds:</i>			
Government and Municipal.....	30.581	25.551	15.412
Transportation	2.334	1.707	1.848
Public Utility	9.026	4.321	5.632
Industrial	12.208	8.845	5.035
Banks and Landowners' Ass'ns..	10.368	9.660	8.732
Investment Organizations	1.850	0.536	0.692
<i>Preferred Stocks:</i>			
Transportation	0.181	0.432	0.607
Public Utility	1.231	0.700	1.179
Industrial	2.014	1.119	1.897
Investment Organizations	0.327	1.037	2.364
Investment in Subsidiary.....	....	....	3.632
<i>Common Stocks:</i>			
Transportation	1.328	3.317	3.379
Public Utility	2.496	2.684	3.200
Industrial	4.664	19.821	15.395
Bank and Trust Companies.....	2.874	5.520	4.730
Insurance Companies	0.362	0.690	0.852
Investment Organizations	2.464	5.479	5.166
Investment in Subsidiary.....	7.600
Cash	15.962	8.581	12.648
	100.000	100.000	100.000

¹ Foreign.

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FOREIGN SECURITIES ON NEW YORK STOCK EXCHANGE

The introduction on a larger scale than heretofore on the New York Stock Exchange of foreign bonds and stocks, whether payable in United States dollars or foreign currencies—preferably in both—is a desirable development, provided such securities correspond in every respect with conditions under which a sound and conservative investment policy may be followed out. Any movement to render such introduction and sale easier, deserves support.

The basic features of the present listing requirements of the New York Stock Exchange have been explained in a report approved by the Governing Committee of the New York Stock Exchange on October 6, 1927. This report sets forth in detail the considerations involved in listing foreign internal securities on the Exchange. It deals among other things with the preparation of certificates, their denomination, the legality of the issue, the authentication of the certificates, requirements of a New York transfer office or agency, the size and distribution of the issues, voting power, language of the certificates, share drawings, stop payments, payment of interest and dividends, convertibility from foreign into American certificates, and vice versa, and the difference between foreign and American procedure in establishing financial statements. The comments on the last-named point are as follows:

“The Exchange should always insist that American holders of foreign shares be afforded as complete and frequent information regarding listed foreign companies as European security holders, and that such information be in a form which can be understood by American investors. In addition, where the statements appearing in the application do not agree with those in the bankers’ circular describing the security, the minimum information required as a condition for listing should include a reconciliation of the two sets of figures. The amount and frequency of information which this Exchange should demand as to foreign corporate statements must depend very largely upon the conditions and circumstances of each individual case.”

On the subject of foreign securities taxation, the Committee responsible for the report states, “the Exchange should strive to have its listing applications clearly state the liability of American holders for foreign transfer, circulation, capital issue, inheritance and income taxes.”

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The Exchange is concerned, naturally, also with the question of stable currency values. In this connection, the Exchange affirms that it "shall list only foreign securities payable in a currency possessing a definite and official gold value, or securities of a country with a gold currency. This policy, however, should be subject to such exceptions as changes in currency systems and conditions now unforeseen may justify in the future. In order that even an existing gold currency may sufficiently indicate its stability, it may prove desirable not to list foreign currency securities here until gold stabilization has been in effect for an adequate period of time—say, two years."

Moreover, before listing the securities of foreign countries, the report insists that "the Exchange must assure itself that there is no governmental restriction abroad against the payment of interest or dividends to American holders, or the repayment of the sale-proceeds of the certificate in case of resale by American holders in the market of origin."

As regards the marketability, the point is stressed that "foreign issues listed here should have a reasonably wide market abroad, particularly, of course, in the country of origin."

IMPROVED CHANNELS OF DISTRIBUTION

A growing appreciation of the relative security of foreign investments over a period of years, with a developing tendency to hold such investments for a considerable time rather than buying them merely for a quick "turn," will result in the market for such securities becoming more stable. This development would encourage issuing syndicates and houses, when necessary, to support the market of those securities publicly or privately placed by them. This policy, in turn, would encourage the buyers to enlarge their holdings in foreign securities. From this point of view, the method of selling securities abroad by public subscription seems to appeal to that type of investor who is more steadfast in his fealty to the securities he acquires and to the firms from which he acquires them.

FOREIGN SECURITIES AS COLLATERAL

A further aid in popularizing foreign investments would be the coöperation of a larger circle of banks with free funds legitimately available for loans on securities. The contemplated coöperation would

make it possible for the owner of approved foreign securities to contract reasonably margined loans on them, in the same manner that he can contract loans on the pledge of approved domestic securities. Even now, the large New York banks make it a practice to accept a reasonable amount of approved foreign securities as collateral for loans made by them, without material change in margin requirements. In short, they apply the same principles to foreign securities as collateral as are applied to domestic securities for such a purpose. In either case, the banks look to marketability without necessarily insisting upon the securities being quoted on the New York Stock Exchange. The conviction that at any time a buyer of approved, foreign securities could find such loaning facilities at his bank would, no doubt, induce him to enlarge his holdings of desirable foreign investments.

SPECULATION AND FOREIGN SECURITIES

The question of the reëmergence of excessive stock exchange speculation, which is one of the results of the World War and which has been noticed successively in almost all leading countries—England, France, Belgium, Germany and, finally, the United States—has, of course, an important bearing on the future distribution of foreign securities. There can be no objection to a reasonable volume of future commitments on the part of the stock-buying public—a volume reflected in the United States in the call money loans, and in Europe in the so-called “Reports,” “Contango” or “Ultimo Contracts.” But there can be an unreasonable volume, and the reaching of a dangerous position. There surely has been proof recently of these contingencies. Is there any means of restricting these movements; of controlling them and compressing them within limits deemed to be reasonable? And, if exaggerated, by what means can they be confined within the limits of prudent judgment? What is the criterion, and which authority should be the judge? Is the monetary situation the principal standard to be applied? How can arbitrary decisions and methods be avoided? It is evident that the answers to these questions will vary according to the country examined, and what would be normal in one market might not be in another.

Making all allowance for the many profound changes which have taken place in financial habits and procedure since the War, there are, nevertheless, certain definite rules which appear immovable and which cannot be affected by the changing times:

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- First: There is only a certain maximum amount of business which can be financed safely by means of credit. If credit is expanded beyond that limit, the financial structure is weakened and a reaction becomes necessary. The total capital and credit of a nation must be distributed in proper proportions in all the fields of production and consumption. If they are diverted to too large an extent into either channel, sooner or later an adjustment will be imperative, lest the whole economy suffer.
- Second: In measuring the Stock Exchange security values, whether from the viewpoint of the one who extends or the one who makes use of credit, the same yardstick must be used as in measuring credit on commodities; namely, is the collateral self-liquidating in the sense that at all times a buyer can be found who is willing to take the securities at a price which will bring no loss to the lender?
- Third: In so far as Stock Exchange quotations reflect the true intrinsic value of the securities, and discount conservatively the results to be obtained within a period so reasonably short that possible future developments can be foretold with fair assurance, and are not based too much on hopes rather than actual conditions and facts, then such quotations carry their individual measure of justification.

Whenever in the past, as a result of unrestricted credit facilities, the price movements on any international stock exchange have exceeded these natural limits, a contrary movement has set in as soon as the banks of the country or countries most affected have been obliged, for their own protection, to restrict their facilities. The banks have been always the natural custodians of the short-term resources of a country, as represented through deposits and sound short-term investments made under their guidance. If this well-established method of contact between those who own funds and those who need them is being changed and our banking system is being used less and less for the distribution of certain forms of credit, this is a serious development, the consequences of which can be fathomed only at a time of crisis when, through actual experience, the new situation must be put to the test.

The precipitous declines on the New York Stock Exchange in October and November, 1929, emphasize the necessity of remembering what financial experience has taught. An editorial in the New York Times of October 26, 1929, says of that movement: "Readjust-

The Survey and Its Results

ment of such scope and character never leaves the speculative mentality what it was before. We shall hear considerably less in the future of those newly invented conceptions of finance which revised the principles of political economy with a view solely to fitting the stock market's vagaries. It will not be easy, after this week's occurrences, to dismiss contemptuously the teachings of past financial experience. Wall Street itself will now be ready to confess that, however surrounding circumstances may change from one era to another, the great underlying influences which go to make sound or unsound finance, reasoned prosperity or inflation and subsequent disaster, are precisely the same to-day as in the all-but-forgotten 'pre-war period.'

"One recent episode is likely hereafter to be considered in an altered light. Wall Street's alternate ridicule and denunciation of the Federal Reserve's policy regarding speculative credit reflected as plainly distorted economic ideas as the attitude of the Reserve Board itself indicated far-sighted judgment of causes and consequences in the market. With this week's experience fresh in mind, the question will be asked, What would probably have been the reckoning if the Reserve banks, as Wall Street demanded, had 'kept their hands off'?

"The answer ought not to be difficult. With banking credit drawn into speculation on the scale of the 'loans by others' and the European lendings, and with speculative extravagance stimulated in proportion, this month's settlement might easily have brought the markets into the grasp of a disastrous credit crisis. It is easy to argue that the Reserve Board might have done some things differently or have done them at a different moment; but *the large fact now stands out that the board foresaw the fated outcome of the stock market mania, that it boldly recognized its own duty and publicly declared its own purposes, that it acted in time (as it did not in 1919), that it successfully kept the credit fund for commercial uses apart from the insatiable inroads of Stock Exchange borrowers, that it prevented the spreading of acute money stringency from the stock market to commercial loans, and that it thereby insured the soundness of the business situation when the speculative markets went on the rocks.*"

REDUCTION OF UNITED STATES GOVERNMENT DEBT

During the fiscal year 1928, the gross debt of the United States was reduced from \$18,510,000,000 to \$17,604,000,000. The reduction, accordingly, was \$906,000,000. The following table shows the steady

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decrease in the principal of the national debt at the end of each fiscal year, 1918-1928, inclusive:

NATIONAL DEBT OF THE UNITED STATES

End of Fiscal Year

1918.....	\$12,243,628,719
1919.....	25,482,034,419
1920.....	24,297,918,412
1921.....	23,976,250,608
1922.....	22,964,079,190
1923.....	22,349,687,758
1924.....	21,251,120,427
1925.....	20,516,272,174
1926.....	19,643,183,079
1927.....	18,510,174,266
1928.....	17,604,290,563

The average annual reduction between 1919 and 1928 thus amounts to \$875,304,873.

To the extent that it will be possible, in the years to come, for the Government to continue this policy of reduction of our internal debt, our domestic investment market may be assumed to have available an amount equivalent to such reduction for other forms of investment, whether domestic or foreign.

OUTLOOK FOR SALE OF FOREIGN SECURITIES

Will we continue to invest in foreign securities on a large scale and what will be our guiding directives in distributing our capital abroad?

Has the absorption of foreign securities by the United States, which had assumed such large proportions during the last few years, come to a definite halt? There do not seem to be sound reasons for this assumption. Any temporary rise of the dollar abroad due to high interest rates paid by New York brokers for call money, attracting larger foreign deposits, only increases the amount which foreign nations owe the United States because of our favorable trade balance and other items entering into international account, and should not disguise the truth that upon return of these temporary deposits, the trend which on balance caused the United States since 1914 to export capital abroad, rather than to import it, will be reëstablished. It is probable, of course, that the forms in which such capital will be

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loaned abroad may be somewhat altered, and that account will be taken of the changed psychology of investors.

Some doubts have been expressed as to whether our sudden entry into the financial markets of the world was not simply an outcome of extraordinary conditions created by the war, and it is asserted that this entry will be ephemeral. Such critics point to the progress made by London in the last few years in regaining its old position as "the greatest international money market." In his last budget speech the then Chancellor of the Exchequer, Mr. Winston Churchill, made this declaration before the House of Commons:

"We are able to maintain money rates which are lower than those nominally prevailing in New York and lower still than those actually effectively ruling in New York. The bill exchange on London, which after the war was so seriously menaced that it threatened to disappear, has in the last few years regained its time-honored position as the favorite international instrument and token of commerce."

Others have emphasized the rise in money rates in this country during the first half of 1929 and the tremendous attraction exercised by our stock market, this attraction resulting in the absorption of a great deal of capital and credit, otherwise potentially available for foreign investment. In this connection it may be observed that in this country, as well as in others, only a minority of investors can afford to disregard, over a period of years, the actual yield which their investments will bring to them, because they rely on that yield for their income, present and future.

Furthermore, it has been estimated that there are available for domestic and foreign investment every year between six and eight billion dollars, representing the savings of the American people. Temporary stock movements, such as those which we have witnessed during the past year, occasionally may halt the normal flow of these savings into the traditional channels which they have always preferred. Changes in the habits and points of view of the mass of investors may, in the future, increase the proportion of the investments which are made in stocks rather than bonds; but, barring a change in the prosperity of our country, it may be assumed that, making due allowance for present and future domestic developments, there will continue to be available in the years to come an increasingly large amount of excess capital. This excess capital naturally will find its way throughout the world for investment in securities considered reasonably safe and commanding attractive returns.

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It has been shown in this study that the golden rule would seem to favor a wise distribution of investments over a number of countries, in order that the economic ebbs and tides, as reflected in the rise and fall of securities, may be distributed as evenly as possible.

PART II

DETAILED SURVEY OF EACH COUNTRY
CONSIDERED

AUSTRIA

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Austrian Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in Austria $\frac{1}{2}\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in Austrian Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in Austria $\frac{1}{2}\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.71	100.00	4.42	100.00	3.74	100.00	5.73
1924	4.05	0.0024	54.26	4.07	10.50	6.39	84.39	5.28
1928	17.25	0.00 ²	63.90	3.75 ²	22.54	4.84	144.50	4.71

	50% in Bonds 50% in Stocks All Austrian Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in Austria $\frac{1}{2}\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Austrian Banks	100% as a Fixed Deposit $\frac{1}{15}$ in Austrian Banks $\frac{1}{2}\frac{1}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	4.225	100.00	5.08	100.00	100.00
1924	6.90	3.196	68.29	4.68	0.00	57.20
1928	19.80	2.42	103.62	4.23	0.00	63.88

¹ Based throughout on investments made in 1914.

² It is to be borne in mind that this figure applies to securities bought and held since 1914. For Austrian bonds, bought in 1928, the average yield would have been about 7½% and the average yield for bonds of fifteen countries would have been increased consequently to about 5¼%.

For detailed tables, see Appendix.

AUSTRIA

Special interest attaches to investment in Austrian issues because of the elimination of the old-time Dual Monarchy, with resultant effects. The study is of a state profoundly affected, financially and industrially, through war.

Before the war, Vienna was the money capital of South-eastern Europe, and, by means of large scale banking operations and issues of foreign securities, financed most of the business of the surrounding countries, especially in the Balkans. Although moved to its foundations by the war, Austria has succeeded nevertheless in maintaining a part of the financial influence exerted in pre-war days. Notwithstanding its relatively limited present means and the losses entailed within the last decade and a half, Austria's position in the world of finance to-day still is that of an important intermediary. The country's technical organization, added to the long experience of its bankers, gives Austria distinct advantages; and it should be remembered that Austria's advantages also are based on the good credit of long standing, and the relationships which its financiers have with banking institutions and investors in other countries.

The conservative investor desirous of purchasing bonds or stocks on the Vienna market during January, 1914, would have had presented for his consideration a large number of first-class issues.

What the fate of such an investment would have been, is strikingly evident from Tables Nos. 1 and 2. The difference is most apparent in the case of bonds. In purchasing mortgage bonds, for example, in 1914, it was a matter of indifference from which country of the former Austro-Hungarian Monarchy they originated. They had approximately the same price and all were made out in Austrian Crowns. After the war, 100 pre-war Austrian Crowns—if the holding comprised Lower Austrian mortgage bonds—were turned into 100 Austrian Crowns; that is to say, into 1/100 of an Austrian Schilling, whereas 100 pre-war Austrian Crowns invested in Bohemian mortgage bonds were changed into 100 Czech Crowns. This one example may suffice. It must be considered, in addition, that conditions became different in every one of the so-called Succession States, not only because of the rate of exchange developing between

Detailed Survey of Each Country Considered

the pre-war Austrian Crown and the new national currency, but also because of the great diversity with which the question of revalorization (*Aufwertung*) was treated in these different states.

DEBTS OF THE OLD MONARCHY

The debts of the old Austro-Hungarian Monarchy were regulated in the Treaty of St. Germain. This treaty differentiates between secured and unsecured loans, and between issues in Austrian Crowns and other currencies.

Before the war the Dual Monarchy's currency naturally was considered just as good as that of any other great power. So far as bonds are concerned, the investment might have been in

	4 per cent Austrian Rente in Crowns
or in	4 per cent Rudolfsbahn Prioritäten Mortgage Bonds
or in	4 per cent Staatsbahn Prioritäten Mortgage Bonds
or in	4 per cent Elisabethbahn Gold Mortgage Bonds

In the first case the bond became practically valueless; in the second case its value was reduced to 4 per cent; in the third case to 14 per cent, and in the fourth case to 48 per cent of the amount originally invested.

In choosing Austrian shares for investment before the war, no one was concerned particularly as to whether the plants of the industry invested in were situated in the German, Czech, Italian or any other part of the Monarchy. As a result of the splitting up of the former monarchical territory, company after company saw itself placed under a new government; customs frontiers, often insurmountable, sprang into existence and subsequently passed away, to be replaced by others; markets were lost suddenly, with the problem of regaining new markets, if individual companies were to survive. In addition, and very importantly, inflation ate up the substance of companies to a greater or less degree, the relative position in this respect being largely dependent on where the company found itself; that is, in which Succession State it finally was located.

PRE-WAR INVESTMENT IN AUSTRIAN SHARES

As an instance, it may be shown what percentages of invested capital would have been preserved if share investment had been made in four issues which were well regarded in the first month of 1914.

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For this purpose there were selected a leading bank stock (Austrian Credit) ; a prominent mining share (Alpine Montan) ; and two outstanding Bohemian shares (Nordboehmische Kohlen and Prager Eisen). These four shares may be taken as representing an average choice of industries in January, 1914. In the calculations it was presumed that money for subscribing to new shares was provided by the sale of an adequate amount of old shares.

Evidently it is difficult with respect to shares to arrive at a strictly correct "coefficient of depreciation" by calculation, for the careful investor in 1914 might have chosen either the Nordboehmische Kohlen shares, or the Austrian Credit shares, just as in bonds he might have preferred either the 4 per cent Austrian Rentes in Crowns, or the Staatsbahn Prioritatem 4 per cent mortgage bonds.

It may be noted, in passing, that the decreased value of the shares instanced is due partly also to capital increases.

AUSTRIAN CREDIT SHARES

<i>Date</i>	<i>No. of Shares</i>	<i>Price</i>	<i>Kronen</i>	<i>Schill.</i>	<i>Value in Per Cent of Original Cost</i>
Jan. 2, 1914.....	50	Kr. 635.—	31.750	45720.—	3.2
Oct. 14, 1924.....	109 ¹		134.00	1460.60	2.9
June 6, 1928.....	22 ²	Sch. 60.50		1331.—	

AUSTRIAN ALPINE MONTAN SHARES

Jan. 2, 1914.....	50	788.25	39,412.50	56754.—	
Oct. 14, 1924.....	107 ³		292.000	3124.40	0.5½
June 6, 1928.....	107	Sch. 43.50		4654.40	8.2

NORDBOEHMISCHE KOHLEN SHARES

Jan. 2, 1914.....	25	1680.—	42.000	60.480.—	
Oct. 14, 1924.....	31 ⁴	3.355.—		10.400.—	17.0
May 21, 1928.....	31	Sch. 635.—		19.685	32½

PRAGER EISEN INDUSTRIE SHARES

Jan. 2, 1914.....	25	2400.	60.000	86.400.—	
Oct. 14, 1924.....	29 ⁵	1600.		4.640.—	5.3
June 6, 1928.....	29	Sch. 331.—		9.640	11.1

¹ Including 59 additional shares procured through subscription, the funds for which were provided by the sale of an equivalent amount of rights.

² In 1926 the number of shares was reduced in the proportion of 5 to 1, and therefore, 5 shares were turned into one.

³ 57 additional shares subscribed in the same manner as explained under ¹.

⁴ Plus 6 shares subscribed in 1922.

⁵ Plus 4 shares subscribed in 1921.

BELGIUM COMPARATIVE INDEX RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Belgian Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in Belgium $\frac{1}{2}\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in Belgian Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in Belgium $\frac{1}{2}\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	5.27 ²	100.00	4.42	100.00	5.26	100.00	5.73
1924	23.33	5.48 ³	54.26	4.07	48.37	4.88	84.39	5.28
1928	17.89	3.74 ⁴	63.90	3.75	73.72	3.66	144.50	4.71

	50% in Bonds 50% in Stocks All Belgian Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in Belgium $\frac{1}{2}\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Com- bined Yield ¹ in Per Cent	100% as a Fixed Deposit in Belgian Banks	100% as a Fixed Deposit $\frac{1}{15}$ in Belgian Banks $\frac{1}{2}\frac{1}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	5.265	100.00	5.08	100.00	100.00
1924	35.90	5.180	68.29	4.68	25.30	57.20
1928	45.90	3.700	103.62	4.23	14.60	63.88

¹ Based throughout on investments made in 1914.
² July, 1914.
³ Dec. 30, 1924.
⁴ July 31, 1928.
For detailed tables, see Appendix.

BELGIUM

The post-war recovery in Belgian securities has resulted not only from the improved financial position of the nation, but also from the intrinsic value of many issues.

Belgium after the trials without precedent which she had to undergo during the war, devotes herself with intelligence and perseverance to the development of her potentially great colonial resources and the up-building of her former industrial productivity.

Her economy has adapted itself rather quickly to the new conditions with which she was confronted as a result of the inflation of her currency and its subsequent stabilization.

Belgian investments before the war were largely, if not preponderantly, in bonds, the balance of available capital being placed in approved shares ranking, in effect, next to bonds, because of their regular dividend record. Sometimes the bond investment was as much, approximately, as seventy-five per cent of the available capital; rarely was it customary to invest less than fifty per cent in bonds. The purchase of foreign bonds was and still is a favorite form of investment in Belgium. It may be noted that among these issues Argentine, Brazilian and Uruguayan loans were taken regularly by the Belgian public and previous to the war there was a very large market in Belgium in Cédulas (mortgage bonds) of the Banco Hipotecario Argentina, and Japanese internal loans.

Tables Nos. 3 and 4 (Exhibit A) are stocks and bonds composed entirely of Belgian issues, indicating in detail, what would have been the result of investment in January, 1914, in any or all of the securities. An effort has been made in compiling the list to include securities which would have been rated as among the best.

It must be borne in mind, that when one is actually tracing investment in Belgian securities from 1914 on, consideration has to be given to the fact that numerous Belgian companies have modified their capital structure since 1914—either through issuing new shares or exchanging old shares for new in specified proportions. Therefore, to obtain an absolutely precise result it will be necessary to take into account the many subscription rights issued along with capital increases, which rights either may have been sold or taken up. Such

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rights are not dealt in on the official market in Brussels. There is no official record, therefore, of the prices of such rights during the years mentioned, which period includes, of course, the time when Belgian territory was invaded and occupied, and it is not possible, on this account, to give authoritative figures. A study of Table A, however, will enable the reader to form an opinion as to the history of invested capital in Belgium since the war.

Tables Nos. 5 and 6 (Exhibit B) give corresponding figures for a number of Belgian bonds and stocks (banks and industrial issues, with some foreign issues) which might also have figured in the purchases had a larger investment been contemplated.

DENMARK

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Danish Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in Denmark $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in Danish Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in Denmark $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	2.7	100.00	4.42	100.00	6.9	100.00	5.73
1924	55.20	5.4	54.26	4.07	71.82	7.9	84.39	5.28
1928	93.29	4.9	63.90	3.75	91.12	6.3	144.50	4.71

	50% in Bonds 50% in Stocks All Danish Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in Denmark $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Danish Banks	100% as a Fixed Deposit $\frac{1}{15}$ in Danish Banks $\frac{12}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	4.80	100.00	5.08	100.00	100.00
1924	63.10	6.65	68.29	4.68	65.30	57.20
1928	100.90	5.60	103.62	4.23	100.70	63.88

¹ Based throughout on investments made in 1914.

For detailed tables, see Appendix.

DENMARK

The showing with respect to Danish investments indicates the relative stability of approved securities, even though chosen on a somewhat limited market and reflecting conditions brought about by the war.

Denmark is essentially an agricultural country, whose credit in international markets stands firm despite war readjustments. The return to the gold standard has created difficulties for the country because of the deflation which ensued and brought in its wake insolvencies, both in the commercial and banking fields. Thanks to the energetic intervention of the Government and the Bank of Issue these difficulties were overcome, although at the cost of heavy sacrifices imposed on the taxpayers, but faith in the traditional high Danish business credit was not shaken.

The Danish securities listed in the accompanying table as representing an investment of \$25,000 in January, 1914, may be considered as fairly representative of first-class securities, both shares and bonds, in accordance with reasonably good market judgment at the time. The net result of the investment affords interesting proof that one does not necessarily have to go to a crowded market to make attractive purchases; also, although financial worries have not been absent from Denmark during the war period and since, it is evident that there has been, on the whole, a creditable performance despite war and post-war vicissitudes.

The hypothetical investment shown in Tables Nos. 7 and 8 (Exhibit A) carries the following assumptions:

That an American investor on January 2, 1914, had transferred to Copenhagen, the sum of \$25,000; that this amount was converted into Danish Kroner at the rate of exchange of the day; that about half of the amount was invested in good Danish interest-bearing bonds; that the remaining part was invested in Danish dividend-paying shares considered sound, this investment being spread among banks, public utility companies, shipping companies and industrial companies; that the investments were made in accordance with good financial judgment; and that the American investor did not sell any of these securities.

It is further assumed that any capital bonus issued gratis to the

Detailed Survey of Each Country Considered

stockholders was retained and added to the investment ; that all subscription rights were sold at the approximate price which ruled when such rights would have been sold ; and that the proceeds of bonds drawn for repayment were reinvested in the same security. It is impossible to calculate the profit derived from redemption of bonds, but the figures given are thought to represent a fair estimate.

Tables Nos. 9 and 10 (Exhibit B) give corresponding figures for a number of Danish bonds and shares which might have been selected in place of those mentioned in Table A.

ENGLAND
COMPARATIVE INDEX
RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in English Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in England $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in English Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in England $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.5	100.00	4.42	100.00	6.80	100.00	5.73
1924	78.78	4.8	54.26	4.07	129.00	5.99	84.39	5.28
1928	84.33	4.8	63.90	3.75	318.53	4.20	144.50	4.71

	50% in Bonds 50% in Stocks All English Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in England $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in English Banks	100% as a Fixed Deposit $\frac{1}{15}$ in English Banks $\frac{12}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	5.650	100.00	5.08	100.00	100.00
1924	103.88	5.395	68.29	4.68	92.40	57.20
1928	201.50	4.500	103.62	4.23	100.43	63.88

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

ENGLAND

Outstanding features in the accompanying illustration of investment in British securities over the war and post-war periods are the stability of fixed interest-bearing securities (bonds) and the appreciation of sound dividend-paying industrials.

What explains the financial hegemony of Great Britain in spite of her traditionally unfavorable trade balance? What constitutes the greater part of her national assets and revenues? It is not her agriculture. It is not even her domestic industries, some of which are struggling so hard to overcome the effects of the war. It is chiefly her genius in discovering, long before the other nations, the advantages of world-wide activities in foreign trade, international banking and the investment of her capital all over the globe.

When in January, 1914, a sum of approximately \$25,000 theoretically was invested on the London market, the owner of the capital may have been supposed to divide his investment, as nearly equally as possible, between fixed interest-bearing securities (bonds) and sound dividend-paying industrials. The net result of such investment, left undisturbed, is shown in the Tables Nos. 11, 12, 13 and 14.

The calculations presented in Tables Nos. 11 and 12 (Exhibit A) have been used in our general comparative table and comments as they were based on actual transactions as shown in the books of a leading firm of London stock brokers.

In connection with Tables Nos. 11 and 12 (Exhibit A) it will be noticed that it was thought to be advisable originally to make a wider selection of representative securities than could well have been comprised within the limit of \$25,000. However, as will be seen, the calculations made have been subsequently reduced to a \$25,000 basis.

The calculations are complicated in some cases by the issue of new shares. As it was assumed that the investor did not desire to invest more than the initial capital of \$25,000, the rights to new shares were considered to have been sold at the market price and the proceeds included in the income.

In the fixed interest-bearing securities, mentioned in Tables Nos. 13 and 14 (Exhibit B), Bank of England stock has been included as

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representing Government debt. Although strictly speaking, Bank of England stock is not a fixed interest-bearing security, and although, as a matter of fact, the interest on this stock has been raised during the 1924-1928 period, yet, for all practical purposes, Bank of England stock was regarded as a fixed interest-bearing security in 1914; up to that year the dividend had not varied for about ten years. In each of the fixed interest-bearing securities approximately £500 was invested, according to the hypothesis, commissions being omitted from the calculations. It will be seen that the original sum invested in the five fixed interest-bearing securities combined was £2,495; that this capital sum depreciated to £2,289 in October, 1924; and that the capital sum in April, 1928, was £2,344.

THE INDUSTRIAL SECURITIES

With respect to the five industrial securities in Tables Nos. 13 and 14 (Exhibit B), it should be stated that the assumption is that the investor provided no new capital during the period considered—i.e., 1914-1928—but whenever rights to subscribe were given in respect of any of his share holdings, these were sold in the market, proceeds being regarded as income and hence so included in the last column of Table B. In the case of the British-American Tobacco Company there were two such issues to shareholders, the first of one in three at par (£1) in August, 1919, and the second of one in five at par in June, 1926. Free bonus issues involving the putting up of no fresh capital by the share holder are assumed, on the other hand, to have been taken up and added to the original holding.

Table No. 14 (Exhibit B), covering stocks, shows that the original investment in all five of £2,480 had appreciated by October, 1924, to £5,445, and that if sold in April, 1928, the holdings would have realized no less than £13,720. The bracketed yields represent the yields "less tax" on the shares of these companies, which in practice pay their dividends "free of income tax."

FRANCE

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in French Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in France $\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in French Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in France $\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	3.62	100.00	4.42	100.00	4.17	100.00	5.73
1924	15.30	5.42	54.26	4.07	31.35	4.11	84.39	5.28
1928	14.40	4.12	63.90	3.75	59.50	3.26	144.50	4.71

	50% in Bonds 50% in Stocks All French Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in France $\frac{1}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit Fixed Deposit in French Banks	100% as a Fixed Deposit $\frac{1}{15}$ in French Banks $\frac{1}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	3.895	100.00	5.08	100.00	100.00
1924	23.46	4.765	68.29	4.68	27.20	57.20
1928	30.22	3.69	103.62	4.23	20.50	63.88

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

FRANCE

France's marvelous recuperative power has been illustrated since the World War, not only through a strengthening of domestic position, industrially and financially, but also by reawakened interest with respect to foreign investment.

France long has occupied a prominent situation among the great financial powers of the world, because of the first-class credit she has enjoyed and, as well, because of the fact that she accommodated foreign borrowers liberally. As a result of money depreciation and other effects of the world conflict, French financial influence, for a time following the war, was less in evidence, but during the last few years, the stabilization of the franc, with France's marvelous financial recovery, again has established the nation in its traditional position.

This most recent chapter in French financial history is due, to no small degree, to the success with which the French Government and the Bank of France have succeeded in upbuilding the country's gold and foreign exchange reserve. As a result, the French Bank of Issue commands foreign balances of such proportions that the franc to-day is one of the most amply covered international currencies insofar as gold is concerned.

France early saw the multiple advantages accruing to the country, both commercially and politically, from the purchase of foreign securities by her citizens. It is to be hoped that the experiences of her investors with foreign loans payable in gold francs will place her on the side of those who advocate a clearer international understanding regarding obligations of debtors arising from the gold clause intended to assure the holder of foreign bonds the return of his capital and interest in gold.

At the same time, measures are contemplated by the Government and Parliament to protect the French buyers of securities more amply. These measures deal with publicity regulations on new issues and the sale of securities by banks and brokerage houses.

Moreover, profound consideration is being given to the study of the heavy direct and indirect taxes which are imposed on security issues in France, and which reduce the yield for the holders rather considerably. Already the French Parliament has abolished the seventy-year-old "abonnement" system for foreign securities under which the French holder of a share in a foreign company had to pay an income tax of 18% on dividends

Detailed Survey of Each Country Considered

cashied in France. Even the new tax of up to 4% of the nominal value is high compared with 2% in England, 1½% in Belgium and Switzerland and 1% in Holland. As to the income tax on foreign coupons it amounts in Belgium and Switzerland to only 6% and in Germany to 10%. On the success with which these efforts will be crowned, will depend a great deal the future of the French financial market for foreign securities.

FRENCH FINANCE COÖPERATES WITH COMMERCE

The creation of railways, canals, harbors, etc., in foreign countries with the financial support of foreign enterprises by French capital or engineering concerns, has been a source of profit for French foreign commerce. This has resulted in large orders to French industry, under the active pressure of the French governmental representatives in foreign countries and with the intimate coöperation of the competent official authorities at home who have been interested in seeing that the issue of the respective loans and their introduction on the Paris Stock Exchange subject to French commercial interests was safeguarded in this respect.

With renewed French financial strength, there would seem to be no question that the nation, of which M. Briand, many years ago, said that its gold fertilizes the world, is destined to show anew distinctive leadership in the investment field. War and post-war experiences doubtless have taught their lessons to Frenchmen, for memories of losses sustained in Russia and Turkey are not forgotten easily. But the principle of foreign investment, judiciously applied, again is a power in France and, along with this, added impetus certainty is being given to the expansion of French industries at home and in the colonies.

The investment tables for France have been based mainly on a list of securities recommended by a well-known French financial publication, *Le Rentier*, in its issue of January 7, 1914. No mention was made in this list of Russian Government bonds. France, in 1913, had invested 13,600 billion Francs in Russian securities, but inasmuch as such securities at the time were considered in France as legal investment, even for minors and incapacitated persons, it was thought proper and logical to include in our statement a small amount of Russian Government bonds.

The yield of all bonds has been established without regard to the premium at which they are callable. It is, therefore, a gross yield, without deduction of taxes for 1924 and 1928.

It is interesting to note that had it not been for the heavy depreciation of the franc as reflected in its gold value, the original capital

Fourteen Years of European Investments

of \$25,000 invested on January 6, 1914, would have shown an appreciation on April 2, 1928, of \$2,428.20. In other words, the decline of the French securities as shown is due to the depreciation of the national currency. As established, the list is typical of French investment practice, both as regards bonds and stocks, although, possibly, it might be contended that the list of bonds should include a somewhat larger proportion of foreign bonds in order to represent more accurately the French investment habits of the days prior to the war. The stocks are well diversified and include bank shares, public utilities, mining, steel works and stocks in navigation companies.

YIELDS

According to the *Situation Economique et Financiere*, the yield of the principal French rentes was as follows:

	<i>Quotations Feb. 13, 1929</i>	<i>Net Quota- tion</i>	<i>Yield Per Cent</i>
<i>Perpetual Rentes:</i>			
3%	71.50	71.00	4.25
5% 1915-1916	96.85	96.65	5.18
4% 1917	86.85	86.00	4.65
4% 1918	85.25	84.75	4.72
6% 1920	101.97	100.65	5.96
4% 1925 (2)	123.75	121.30	4.28
<i>Rentes for Sinking Fund:</i>			
3%	77.75	77.40	5.00
5% 1920 payable at 150	116.95	115.30	4.85
6% April, 1927 (3)	107.45	105.45	5.70
Bonds, 6% June, 1927	503.50	499.75	6.00
5% 1918	95.40	93.95	5.36
Bonds Caisse Aut. (4)	623.00	606.75	6.68

Bonds issued before the war by the important French metallurgical and industrial companies, yielded at that time on the average, 5%. The net return of French stocks at the same date was about 2½%, based on fifty important French shares quoted on the official foreign market during the first half of February, 1914.

GERMANY

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in German Bonds	Average Yield ¹ in Per Cent	100% in Bonds 1/15 in Germany 12/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent	100% in German Stocks	Average Yield ¹ in Per Cent	100% in Stocks 1/15 in Germany 12/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.11	100.00	4.42	100.00	5.95	100.00	5.73
1924	30.07	0.00	54.26	4.07	29.99	5.82	84.39	5.28
1928	7.77	0.00 ²	63.90	3.75 ²	95.36	4.67	144.50	4.71

	50% in Bonds 50% in Stocks All German Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks 1/15 in Germany 12/15 in Other European Countries 2/15 in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit 1/15 in German Banks 12/15 in Banks in Other European Countries 2/15 in United States and Canadian Banks
1914	100.00	5.030	100.00	5.08	100.00
1924	16.20	2.910	68.29	4.68	57.20
1928	51.00	2.335	103.62	4.23	63.88

¹ Based throughout on investments made in 1914.

² It is to be borne in mind that this figure applies to securities bought and held since 1914. For German bonds, bought in 1928, the average yield would have been about 7½% and the average yield for bonds of fifteen countries would have been increased consequently to about 5¼%.
For detailed tables, see Appendix.

GERMANY

Process of reconstruction following the inflation fever is indicated by the course of selected German securities considered as offering mediums for sound investment before the war.

Germany has at all times in the course of her history appreciated the advantage of attracting foreign capital for the expansion of her national industrial and commercial activities. Along with this, before the war, the German people used their own savings to carry out a broad-gauge foreign investment policy, especially in South America and the Far East. The prosperity of the country and its unexampled industrial advance before 1914 were due largely to the intelligent initiative of her bankers in attracting foreign capital. The situation has changed since the war. Partly as a result of the heavy obligations which Germany had to assume and partly due to the substantial decline in her working capital after the inflation, the nation has had to enter upon a prolonged era of borrowing both for short and long terms. These foreign loans, together with the participation of foreign capital in German enterprises undoubtedly have added considerably to the productive power of the country, which permitted Germany to export in 1928, including the deliveries in goods on account of reparations, merchandise valued up to three billion dollars.

Part of the price paid for the war is evidenced by a study of the actual course of values of German securities which, early in 1914, were regarded as essentially sound for investment. Such a study reflects necessarily the slow recovery from currency inflation, and the subsequent stabilization requiring a very considerable time.

If \$25,000 had been invested in German securities in 1914, the equivalent would have been Reichsmarks 106,315. It is fair to proceed on the assumption that of this sum M. 100,000 might have been placed in equal proportions in the following five bonds and shares of five banking and industrial concerns, an allowance of about M. 10,000 being made for each separate investment:

4 per cent Meininger Hyp. Bk.	Badische Anilin & Soda Fabr.
Mortgage Bonds	Shares (now I. G. Farben)
3½ per cent Prussian Consols	Allgem. Elektrizitaets Ges. Shares
3 per cent German Govt. Bonds	Hapag (Hamburg-Amerika Line)
4 per cent Frankfort City Bonds	Shares
4 per cent Krupp A. G. Bonds	Harpener Bergbau Shares
Deutsche Bank Stock	

This would have left a cash balance of M. 6,315 on account.

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EFFECT OF CAPITAL INCREASE

Apart from the difficulties connected with the currency inflation, the fact that during the years 1914-1928 the companies mentioned have increased their capital in a number of instances, with subscription rights given to shareholders, complicates the calculations. As will be understood these rights either could have been sold, the proceeds being credited to the cash balance account; or they could have been exercised. According to the attitude adopted, as a rule, by the German investing public, it is reasonable to assume that the rights would have been exercised, the new shares having been paid for from the return in interest and dividends on both bonds and shares, plus the balance of M. 6,315. This interest and dividend return, plus the Mark balance, would, in fact, have covered the required amounts for new subscriptions. On this basis the following calculations are arrived at:

Initial investment, January 2, 1914, \$25,000 = M. 100,000 actually invested, plus cash balance of M. 6,315.

Value on October 14, 1924 (inclusive of the new shares subscribed for), \$3,900 = RM. 16,350, or 15.4 per cent of the original value.

Value on April 1, 1929, \$12,220 = RM. 51,150 or 48.2 per cent of the original cost.

At the normal compound interest rate of 5 per cent on the invested capital, the capital would have increased, after ten years, by 63 per cent to 163 per cent, and after thirteen and one-half years by 100 per cent to 200 per cent, whereas it has actually declined to 15.4 per cent and 48.2 per cent, respectively. Figuring in the normal increase due to compound interest, the total loss after ten years would have been 92 per cent, and the total loss after thirteen and one-half years, 75 per cent.

YIELDS

The average yield during the first ten months of 1928 of shares quoted on the Berlin Stock Exchange was 4.88 per cent against 3.29 per cent during 1927 and about $3\frac{1}{2}$ per cent at the end of 1926. The yield of bonds advanced from the beginning of 1927 until November, 1928.

The movement of the average yield of fixed interest-bearing German securities in the course of the last four years is as follows:

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	<i>Per Cent</i>
January, 1925	8.90
June, 1925	9.90
November, 1925	9.25
January, 1926	9.25
March, 1926	8.25
April, 1926	7.60
November, 1926	7.40
December, 1926	7.15
January, 1927	7.05
November, 1927	7.65
January, 1928	7.50
November, 1928	7.90

HOLLAND

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Dutch Bonds	Average Yield ¹ in Per Cent	100% in Bonds 1/15 in Holland 1 2/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent	100% in Dutch Stocks	Average Yield ¹ in Per Cent	100% in Stocks 1/15 in Holland 1 2/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.2	100.00	4.42	100.00	7.8	100.00	5.73
1924	83.42	5.0	54.26	4.07	100.07	7.5	84.39	5.28
1928	98.78	4.3	63.90	3.75	144.87	4.5	144.50	4.71

	50% in Bonds 50% in Stocks All Dutch Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks 1/15 in Holland 1 2/15 in Other European Countries 2/15 in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit Fixed Deposit in Dutch Banks	100% as a Fixed Deposit 1/15 in Dutch Banks 1 2/15 in Banks in Other European Countries 2/15 in United States and Canadian Banks
1914	100.00	6.00	100.00	5.08	100.00	100.00
1924	92.00	6.25	68.29	4.68	97.70	57.20
1928	126.44	4.40	103.62	4.23	100.24	63.88

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

HOLLAND

Pre-war investment in Dutch securities, held until the spring of 1928, shows substantial appreciation in value of stocks and not much change in value of bonds.

For centuries, the Dutch, a maritime nation, have been profoundly affected, as the English have been, by their interest in foreign trade. The result has been that Dutch banking and investment policy has taken a world view, emphasized, naturally, by the success of the colonial empire. Very distinct advantages accrued to Holland by reason of the country's neutrality in the World War—among them the noteworthy enhancement of the Dutch foreign security market. It is to be noted that in Holland, as in some other countries, the tendency of the investing public has been to favor company shares rather than fixed interest-bearing securities. The total issues of foreign securities in Amsterdam during the year 1928 reached Guilders 310,000,000 out of a total for all securities issued of Guilders 662,000,000.

An investment of approximately \$25,000 in approved Dutch securities on July 1, 1914, the amount being about equally divided between bonds and approved interest-bearing shares, would have resulted, the securities being held until April 2, 1928, in an appreciable profit. This profit would have been due to the gain in the value of the shares, not much change being recorded in the value of the bonds.

It is of interest to note that the yield of the Dutch industrial shares which might reasonably have been chosen by an investor seeking sound dividend-paying issues of the class mentioned has fallen during the period under review, the trend in this direction being especially marked since 1924. At the same time the value of the stocks increased—a trend not without parallel in financial centers other than Amsterdam.

DUTCH INDUSTRIAL SHARES

The shares are divided among nine companies, covering a diversified list of industries—machine works, oil and vegetable tallow manufacturers, two dock yards, a public utility concern, a yeast and spirit company, incandescent lamp works, a potato meal mill and an engineering enterprise.

Detailed Survey of Each Country Considered

It is worth while observing that in 1913 and the following year up to the outbreak of the war, Dutch industrial shares were not always favored over East Indian enterprises for investment. Frequently the advice was given that holdings in sugar and tobacco companies and the Royal Dutch, for example, be purchased, along with such industrials as were recommended—possibly, that preference be given to East Indian holdings.

The bond list, which might have been favored by the 1914 investor, includes five issues: the $3\frac{1}{2}$ per cent National Debt bond; the 4 per cent State Railway; $4\frac{1}{2}$ per cent City of Amsterdam; $4\frac{1}{2}$ per cent Province of South Holland, and the $4\frac{1}{2}$ per cent Mortgage Bank.

The amount theoretically invested in these five issues on July 1, 1914, is placed at \$12,138.94. The value of the bonds on April 2, 1928, would have been \$11,990.03. The yield of the five bonds, combined, in 1914 would have been 4.2 per cent; in 1924 it would have been 5 per cent, and in 1928 it would have been 4.3 per cent.

HUNGARY

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Hungarian Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in Hungary $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in Hungarian Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in Hungary $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.84	100.00	4.42	100.00	4.56	100.00	5.73
1924	4.31	0.00	54.26	4.07	92.40	1.82	84.39	5.28
1928	13.48	0.00 ²	63.90	3.75 ²	107.21	4.52	144.50	4.71

	50% in Bonds 50% in Stocks All Hungarian Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in Hungary $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Hungarian Banks	100% as a Fixed Deposit $\frac{1}{15}$ in Hungarian Banks $\frac{12}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	4.70	100.00	5.08	100.00	100.00
1924	48.24	0.91	68.29	4.68	0.00	57.20
1928	60.23	2.26	103.62	4.23	0.00	63.88

¹ Based throughout on investments made in 1914.

² It is to borne in mind that this figure applies to securities bought and held since 1914. For Hungarian bonds, bought in 1928, the average yield would have been about 7½ % and the average yield for bonds of fifteen countries would have been increased consequently to about 5¼ %.

For detailed tables, see Appendix.

HUNGARY

Due mostly to currency changes, as a result of the war, and related events, the course of Hungarian investment naturally was checkered. Stabilization efforts, however, are becoming resultful.

Hungary is one of the countries where the beneficial influence of the importation of foreign capital, wisely applied to the productive needs of the country, is most in evidence. At the same time, the steady growth of savings as demonstrated by Savings Banks' figures (end of February, 1929, these deposits averaged 52.8% of the pre-war balances) is proof of the fact that the need of self-discipline in the accumulation of new capital is recognized by her people. The declining figures of the proportion of population recently employed in agriculture (55 per cent against 76 per cent before the war) point to an intelligent appreciation of the need of adaptation to the changed conditions created by the new protectionist policy in vogue on the Continent since 1918.

An investment of approximately \$25,000 in Hungarian securities on January 2, 1914, might have been divided between bonds (Government and Mortgage) and shares in industrial companies enjoying a favorable standing with investors, and, therefore, naturally coming in a list of approved securities.

As to bonds, the presumed selection could have included the 4 per cent Hungarian Kronenrente; the Kingdom of Hungary 4's and 4½'s; and the Hungarian Land Mortgage Institute 4's as well as the mortgage bonds of Budapest banks.

The list of industrial shares selected might have included issues of the Hungarian General Colliery Company, Ltd.; Ganz & Company; Coal Mines of Salgotarjan; United Cement Factory of Beocsin Company, Ltd.; Hungarian Sugar Industry; The Iron Works of Rimamurany-Salgotarjan, and the Urikany-Zeil Valley Hungarian Colliery Company, Ltd., the First Steam Mills of Budapest.

The Government and Mortgage bonds have depreciated; since they were issued in Kronen they have followed the course of this currency.

The industrial shares reflect a number of increases in capital, with new issues and mergers—all combining to make it somewhat difficult

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to offer a precise statement as to the changes in values over fourteen years.

When the value of the rights sold is added to the market price of the shares as of April 2, 1928, the share depreciation over the previous fourteen years is more than made up.

Allowance must be made for difference in choice—perhaps a wide difference—in selection of securities in 1914, both bonds and stocks. The list submitted by one bank authority, for example, easily could have included issues which might not have appealed, at the time, to another expert.

ITALY

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Italian Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in Italy $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in Italian Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in Italy $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.00	100.00	4.42	100.00	5.66	100.00	5.73
1924	17.63	4.41	54.26	4.07	60.60	3.55	84.39	5.28
1928	22.49	5.51	63.90	3.75	64.83	5.59	144.50	4.71

	50% in Bonds 50% in Stocks All Italian Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in Italy $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Italian Banks	100% as a Fixed Deposit $\frac{1}{15}$ in Italian Banks $\frac{12}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	4.83	100.00	5.08	100.00	100.00
1924 . . .	39.12	3.98	68.29	4.68	22.80	57.20
1928	42.83	5.55	103.62	4.23	27.60	63.88

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

ITALY

Due to the changing valuation of the Lira, both bond and stock investments made before the war in Italian securities showed losses in 1924 and 1928. Of recent years the process of recovery is evident.

Italian credit had ranked high on the stock exchanges of Europe up to the outbreak of the War, enabling its Ministers of Finance to fund its public debt at the lowest rates of interest quoted for government bonds barring English consols.

Acting upon the dictates of the same desire to protect its credit, the Italian Government was among those regularizing their war debt to England and the United States and stabilizing their currencies. Since then, our market has absorbed readily substantial amounts of Italian securities, especially industrial shares and bonds. So long as practical ways and means have not been found to balance more nearly the foreign annual trade movement, the need of further patriotic coöperation for the benefit of Italian economy will no doubt continue until the process of orderly deflation now in progress has been finally brought to completion.

STOCK INVESTMENT FAVORED

The American investor in Italian securities during 1914 probably would have been advised by competent authority to incline to seek dividend-paying shares rather than bonds. This advice would have been prompted not so much by the fact that the return on bonds was smaller than on sound dividend-paying shares in general, as for the reason that investment in shares, at that time, was more in favor in Italy than investment in bonds.

However, the theoretical sum of approximately \$25,000 invested in Italian securities previous to the war has been divided about equally between stocks and bonds—this in line with conservative procedure and in order to arrive at a uniform basis of comparison with other countries. Only one bond was selected, according to the assumed transaction, and but three stocks. The amount of the bonds purchased was nearly the same as the total expended for the purchase of the three stocks; there is a preponderance, however, in favor of the stock purchases. It is possible that if a wider list of both stocks

Detailed Survey of Each Country Considered

and bonds had been chosen, somewhat different results would have been obtained.

The three stocks chosen are of one bank, Banca Commerciale Italiana; and two industrial concerns, Soc. Generale Italiana "Edison" di Elettrocita and Soc. Lombarda per Distribuzione di Energia Elettrica "Vizzola." The bonds were the Prestito Milano 4 per cents.

In the compilations, shown in the accompanying tables of the results of these investments, the assumption has been made that subscription rights, given in connection with capital increases, of the shares of the bank and two industrial concerns were not utilized, such rights being sold at the price obtainable on the stock exchange on the occasion in question. The net return, in dollars, from the sale of such rights amounted to \$5,871, which sum, it is figured, would properly be applied to making up part of the loss on the original investment.

YIELD

Even though no exact statistics are available in this respect, one can evaluate the average net yield at the beginning of 1929 of Italian shares at about $6\frac{1}{2}$ per cent to 7 per cent; their yield was slightly lower than that of bonds.

NORWAY

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Norwegian Bonds	Average Yield ¹ in Per Cent	100% in Bonds 1/15 in Norway 1 2/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent	100% in Norwegian Stocks	Average Yield ¹ in Per Cent	100% in Stocks 1/15 in Norway 1 2/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.031	100.00	4.42	100.00	7.44	100.00	5.73
1924	54.55	4.473	54.26	4.07	91.29	6.07	84.39	5.28
1928	84.93	4.730	63.90	3.75	126.51	7.17	144.50	4.71
	50% in Bonds 50% in Stocks All Norwegian Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks 1/15 in Norway 1 2/15 in Other European Countries 2/15 in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Norwegian Banks	100% as a Fixed Deposit 1/15 in Norwegian Banks 1 2/15 in Banks in Other European Countries 2/15 in United States and Canadian Banks		
1914	100.00	5.735	100.00	5.08	100.00	100.00		
1924	71.99	5.270	68.29	4.68	53.40	57.20		
1928	104.66	5.950	103.62	4.23	100.19	63.88		

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

NORWAY

The development of interest in Norwegian securities has been marked since the war. In the 1914-1928 period the value of representative bonds decreased—that of representative stocks gained.

Norway, although a neutral nation, felt with severity the repercussions of the war. It is essentially a nation dependent on international trade, with important shipping interests and export activities in fish, pulp and printed paper and nitrogen products. The Norwegian currency for a time was the football of international speculators and the protection of its exchange has imposed heavy burdens on the Government and the people of the country. Subsequently the need of deflation hampered the national economy. The banks necessarily had to bear the brunt of all this. Thanks to the untiring energies of the Bank of Issue, the currency was at last stabilized in 1928, and rationalization and concentration already are reflected in the electrical, ship building and chemical industries, which are among the great national assets of the country.

In 1914 the Stock Exchange in Norway had developed to only a moderate extent; since the war there has been a natural expansion in this direction. The fact of a relatively limited international interest in Norwegian issues in 1914 has to be kept in mind in connection with possible investment during that year; however, it is possible to select bonds which would have appealed to an American investor desirous of making Norwegian purchases.

Tables Nos. 25 and 26 represent an investment of approximately \$25,000 divided between two Norwegian bonds, the 3 per cent Norway State Loan of 1886 and the 3½ per cent "Hypothecary" Loan of 1902/9, guaranteed by the State; and five interest-bearing stocks; proportionately more of the money was invested in bonds than in stocks. So far as bonds are concerned, a depreciation as between 1914 and 1928 of a considerable sum is shown; but this is more than made up by the appreciation in the value of the five stocks, the net result being that the value of the combined investment over the fourteen years would have increased by approximately 4 per cent—an interesting showing, inasmuch as a very considerable decline in the value of the original investment would have been recorded in October, 1924.

SPAIN **COMPARATIVE INDEX** **RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY**

	100% in Spanish Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in Spain $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in Spanish Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in Spain $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	5.12	100.00	4.42	100.00	5.82	100.00	5.73
1924	65.99	5.73	54.26	4.07	91.72	4.27 ²	84.39	5.28
1928	92.10	5.13	63.90	3.75	133.79	4.60 ³	144.50	4.71

	50% in Bonds 50% in Stocks All Spanish Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in Spain $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Spanish Banks	100% as a Fixed Deposit $\frac{1}{15}$ in Spanish Banks $\frac{12}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	5.470	100.00	5.08	100.00	100.00
1924	78.92	5.000	68.29	4.68	73.80	57.20
1928	113.05	4.865	103.62	4.23	92.20	63.88

¹ Based throughout on investments made in 1914.

² Based on average yield 1914-1924.

³ Based on average yield 1925-1928.

For detailed tables, see Appendix.

SPAIN

In general, during the period 1914-1928, it may be said that the value of representative Spanish bonds has declined, whereas an appreciation has been recorded in leading shares of dividend-paying railroad securities, as well as in stock of the Bank of Spain.

Spain is one of the few nations which has not yet definitely succeeded in stabilizing her currency, although active efforts are being made in this direction. The Bank of Spain is in one of the strongest positions of any Bank of Issue as regards the metallic cover of its circulation. The public finances of the country are on a more solid basis after years of deficits; the budget is balanced, and Spain now shows an excess of revenues. In part this is due to improvements in the collection of taxes. An ambitious program of public works is under consideration. The floating debt has been consolidated by means of a successful conversion into an internal loan, and the foreign debt has been almost entirely repaid.

Especially detailed presentation is required to indicate comprehensively the course of bond and share fluctuations in Spain during the fourteen years beginning with the year of the Great War. However, it can be said, in brief, that despite fluctuations in the quotation of the peseta a sensible appreciation has taken place, as between 1928 and 1914, in the value of representative stocks—notably sound railroad stocks and stock of the Banco de Espana (Bank of Spain).

As to bonds, taking the Permanent Interior Debt 4's for an illustration, the change between 1914 and 1928 was extremely slight, the rate of return on the 4 per cent bond named being only 1/100 of 1 per cent less on April 2, 1928, than on January 2, 1914.

Tables Nos. 27 and 28 (Exhibit A) show the result of an investment of approximately \$23,000, divided approximately equally between Spanish Permanent Interior Debt 4's and stock of the Bank of Spain, made January 2, 1914, and held until April 2, 1928. Explanatory notes, accompanying the tables, give details as to extraordinary dividends declared by the bank and the change in March, 1922, in its capital structure.

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Tables Nos. 29 and 30 (Exhibit B) give corresponding figures for a number of other Spanish bonds and stocks (suggested by a competent bank) which might have been recommended in 1914 as a suitable investment in Spanish Securities.

SWEDEN

COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Swedish Bonds	Average Yield ¹ in Per Cent	100% in Bonds $\frac{1}{15}$ in Sweden $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent	100% in Swedish Stocks	Average Yield ¹ in Per Cent	100% in Stocks $\frac{1}{15}$ in Sweden $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.79	100.00	4.42	100.00	3.9	100.00	5.73
1924	95.93	5.05	54.26	4.07	111.53	6.1	84.39	5.28
1928	99.39	4.88	63.90	3.75	133.16	5.4	144.50	4.71

	50% in Bonds 50% in Stocks All Swedish Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks $\frac{1}{15}$ in Sweden $\frac{12}{15}$ in Other European Countries $\frac{2}{15}$ in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Swedish Banks	100% as a Fixed Deposit $\frac{1}{15}$ in Swedish Banks $\frac{12}{15}$ in Banks in Other European Countries $\frac{2}{15}$ in United States and Canadian Banks
1914	100.00	4.345	100.00	5.08	100.00	100.00
1924	103.70	5.575	68.29	4.68	99.90	57.20
1928	116.30	5.140	103.62	4.23	100.80	63.88

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

SWEDEN

Stability, with a re-emerging appreciation, is the keynote of results of pre-war investment in a combined list of approved Swedish bonds and stocks. This appreciation is due mainly to bonuses derived on investments in stocks, through distribution of valuable rights to new stock issues.

Swedish finance and industry have taken advantage broadly of the conditions created by the war to develop the country's foreign trade and shipping as well as Swedish financial influence in Europe. Swedish merchants have affiliated themselves with sound enterprises in many countries and have acquired important interests abroad, especially in iron and mining industries. The arrangements of a strong Swedish group for match monopolies in many countries are well known. Sweden's proximity to Russia and the New Baltic Republics also has been instrumental in developing a position as intermediary between these countries and Western Europe and the other Continents. Sweden, of course, was one of the neutral countries which in the war, became a favorite refuge for capital which sought safety of principal and a reasonable return thereon.

The presentation in the following tables of the results of investment on January 2, 1914, in Swedish securities, bonds and shares, takes into account the sale of rights given stockholders during the 1914-1928 period.

The original investment of approximately \$25,000 was divided between five bonds and five industrial stocks, practically the same amount being invested in each class of security. The bonds and stocks listed were chosen as representative of selection, under good advice.

The value of the bonds, it is to be noted, had depreciated somewhat, though not to a marked extent, as of October 14, 1924; during the next three and one-half years an appreciation occurred, bringing the value as of April 1, 1928, of the combined list, very close to the value of the bonds as of January 2, 1914.

As to the shares, a decline in value more pronounced than in the case of the bonds took place during the period between January 2, 1914, and October 12, 1924, with a subsequent recovery up to April, 1928, which brought the combined value of the five stocks quite close to the value of the same stocks in January, 1914.

SWITZERLAND COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Swiss Bonds	Average Yield ¹ in Per Cent	100% in Bonds 1/15 in Switzerland 1 2/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent	100% in Swiss Stocks	Average Yield ¹ in Per Cent	100% in Stocks 1/15 in Switzerland 1 2/15 in Other European Countries 2/15 in United States and Canada	Average Yield ¹ in Per Cent
1914	100.00	4.00	100.00	4.42	100.00	5.45	100.00	5.73
1924	83.90	4.75	54.26	4.07	97.02	6.05	84.39	5.28
1928	94.67	4.30	63.90	3.75	148.67	6.69	144.50	4.71

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	50% in Bonds 50% in Stocks All Swiss Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks 1/15 in Switzerland 1 2/15 in Other European Countries 2/15 in United States and Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Swiss Banks	100% as a Fixed Deposit 1/15 in Swiss Banks 1 2/15 in Banks in Other European Countries 2/15 in United States and Canadian Banks
1914	100.00	4.725	100.00	5.08	100.00	100.00
1924	90.20	5.400	68.29	4.68	100.00	57.20
1928	120.20	5.495	103.62	4.23	100.50	63.88

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

SWITZERLAND

Investment in Swiss bonds and shares, made before the war and held until April, 1928, would have shown, combined, a small capital appreciation, to which should be added gains resulting from valuable rights and bonus shares.

More than one-third of the investments of the important Swiss banks are foreign. This shows the extent to which Switzerland is exporting capital year by year. Switzerland, like Holland, was favored from a financial point of view by a state of neutrality during the World War. While on the one hand it is an important participant in foreign issues and investments, on the other hand, it receives, as the United States does, important deposits from foreign countries both in the form of cash and securities. The investment trust had a home in Switzerland long before it was acclimated in the United States. Traditionally Swiss financiers have great familiarity with European and foreign securities in general, and their advice and coöperation, therefore, are much sought after and relied upon by banks and investors of other countries.

Two bonds and the shares of two industrial companies figure in the accompanying survey of the results of the investment of somewhat more than \$24,000 in Swiss securities on January 2, 1914, up to April, 1928.

The bonds and shares have been selected as among those which doubtless would have interested a well-advised investor acting early in 1914.

The amount invested in the two bond issues would have exceeded the amount invested in industrial shares. Both of the bond issues are of Swiss Federal Railways; one, the $3\frac{1}{2}$ per cent Swiss Federal Railways Series A-K, and the other the 4 per cent Swiss Railways bond of 1900.

The two industrial concerns represented in the list are Société Industrielle Aluminum of Neuhausen, and the Société Industrielle pour la Schappe of Bale.

Both the bond issues had declined considerably in value by October 14, 1924; however, on April 2, 1928, the $3\frac{1}{2}$ per cent Federal Railway bond had returned measurably near to its value four-

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teen years previous; and the 4 per cent bond had recovered a considerable portion of the loss recorded on October 14, 1924.

Notwithstanding the stock dividends and capital increases figuring in the history of each of the two industrial concerns from 1914 on, the value of the shares of the Société Aluminum showed a considerable increase as of April 2, 1928, in comparison with the value as of January 2, 1914. The value of each share of the Société Industrielle pour la Schappe was somewhat lower on April 2, 1928, than on January 2, 1914.

YIELDS

The average yield of good Swiss stocks seems to have fluctuated around 4 per cent at the beginning of 1929. In Switzerland, as in most other countries, the return on bonds is higher than on stocks.

The following table reflects the rather small changes which have taken place here in the course of the last few years:

	<i>Mortgage Bank Bonds %</i>	<i>3½% Railway Bonds %</i>	<i>Bonds of Investment Trusts %</i>
1924	4.60	4.52	4.81
1925	4.69	4.34	4.93
1926	4.77	4.20	5.03
1927	4.76	4.15	4.95
1928 (10 months)	4.65	4.05	4.85

CANADA **COMPARATIVE INDEX**

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in Canadian Bonds	Average Yield ¹ in Per Cent	100% in Bonds 1/15 in Canada 13/15 in European Countries 1/15 in United States	Average Yield ¹ in Per Cent	100% in Canadian Stocks	Average Yield ¹ in Per Cent	100% in Stocks 1/15 in Canada 13/15 in European Countries 1/15 in United States	Average Yield ¹ in Per Cent
1914	100.00	5.73	100.00	4.42	100.00	5.58	100.00	5.73
1924	101.01	5.67	54.26	4.07	167.37	5.36	84.39	5.28
1928	104.54	5.48	63.90	3.75	395.90	2.47	144.50	4.71

	50% in Bonds 50% in Stocks All Canadian Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks 1/15 in Canada 13/15 in European Countries 1/15 in United States	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in Canadian Banks	100% as a Fixed Deposit 1/15 in Canadian Banks 13/15 in Banks in European Countries 1/15 in United States Banks
1914	100.00	5.655	100.00	5.08	100.00	100.00
1924	134.19	5.510	68.29	4.68	100.03	57.20
1928	250.37	3.975	103.62	4.23	100.14	63.88

¹ Based throughout on investments made in 1914.
For detailed tables, see Appendix.

CANADA

Canada's prosperity is, in many ways, analogous to that of the United States, one of its reflections being the appreciation of equities. There has been a period of wide public education in the domain of judicious investment.

In many respects the investment habits of the Canadian public are similar to those of the American people. As in the United States, so in Canada, government financing during the war paved the way for a widespread distribution of securities and participation in offerings. Canada, like the United States, has passed through a period of marked industrial expansion, and, moreover, the Canadian Government finds itself in the same position as our own Treasury, namely, that unless large development projects, such as the St. Lawrence Waterway scheme, are undertaken, it may dispense with extensive public financing for some years to come. The Canadian situation also resembles ours in this respect—that municipal financing has been postponed to a great extent because of high interest rates. Railway financing on a fairly large scale and a further considerable expansion in public utilities and industrial financing probably will continue to absorb the savings of the Canadian people. Also, the grouping of small concerns into large units continues to make progress.

Financing by stock issues has become more popular, and common stocks have played an increasingly important part in Canadian finance. Common stock issues for the first quarter of 1929, exceeded in value those for all of 1928. Investment trusts also are making remarkable headway.

An examination of the list of investments selected by a prominent Canadian investment authority demonstrates that, in Canada, a movement similar to that in Great Britain and the United States has taken place since 1914. By far, the larger number of stocks have shown gains in value ranging from 100 per cent to 800 per cent; in one instance, the appreciation amounted to 1,000 per cent, and in another instance (Steel of Canada) the appreciation in April, 1928, reached 1,200 per cent. On the other hand, the standard Canadian stock "par excellence," Canadian Pacific Railway, was quoted in 1928 at exactly the same price as in 1914, although it has moved upward somewhat since then. Bonds also have generally improved in price, but the gains have been limited to small proportions.

UNITED STATES OF AMERICA COMPARATIVE INDEX

RESULTS OF DIFFERENT FORMS OF INVESTMENT AS DISCLOSED BY SURVEY

	100% in American Bonds	Average Yield ¹ in Per Cent	100% in Bonds 1/15 in United States 13/15 in European Countries 1/15 in Canada	Average Yield ¹ in Per Cent	100% in American Stocks	Average Yield ¹ in Per Cent	100% in Stocks 1/15 in United States 13/15 in European Countries 1/15 in Canada	Average Yield ¹ in Per Cent
1914	100.00	4.80 ²	100.00	4.42	100.00	6.97	100.00	5.73
1924	100.00	4.92 ²	54.26	4.07	131.32	3.37	84.39	5.28
1928	109.80	4.38 ²	63.90	3.75	230.46	2.87	144.50	4.71
	50% in Bonds 50% in Stocks All American Securities	Average Yield ¹ in Per Cent	50% in Bonds 50% in Stocks 1/15 in United States 13/15 in European Countries 1/15 in Canada	Combined Yield ¹ in Per Cent	100% as a Fixed Deposit in American Banks	100% as a Fixed Deposit 1/15 in American Banks 13/15 in Banks in European Countries 1/15 in Canadian Banks		
1914	100.00	5.885 ³	100.00	5.08	100.00	100.00		
1924	115.64	4.145 ³	68.29	4.68	100.00	57.20		
1928	169.89	3.625 ³	103.62	4.23	100.00	63.88		

¹ Based throughout on investments made in 1914.

² Average of one-half invested in bonds (4.6%, 4.6%, 4.2%).

³ Average of one-sixth invested in preferred stocks (5.4%, 5.9%, 4.9%).

For detailed tables, see Appendix.

UNITED STATES OF AMERICA

Evolution of the United States into a creditor nation has brought great responsibilities and an ever-widening world interest. There has been not only a vast increase in the nation's productivity but also in its financial resources.

ECONOMIC DEVELOPMENT, 1914-1920

At the beginning of 1914, the United States had investments abroad of approximately \$2,625,000,000. We were at that time gradually increasing our foreign investments, but were quite distinctly a debtor nation rather than a creditor nation. We were passing through a period of business recession which continued and was, in fact, accentuated at first by the war. It was not long, however, before it was apparent that the need of the Allied armies for munitions and supplies of every kind could be met only in the United States, and there followed a period of prolonged boom in certain industrial lines which resulted among other things in a spectacular rise of our steel manufacturing capacity.

The activity in American business resulting from the war may be said, to have lasted until the depression of 1920 and 1921. This activity brought about methods of mass production unknown before that time and utilization of certain of our resources at a rate far in excess of what that development would have been in peace times. It is perhaps too much to assert that the war laid the foundation for the unprecedented expansion of our industrial and agricultural output during the last ten years, for our standard of living and the tremendous potential consuming demand would have finally led the United States to adopt methods of production so well suited to our own markets and national temperament. But the war certainly hastened this evolution.

ECONOMIC DEVELOPMENT, 1921-1929

Since the inevitable post-war reaction of 1921, brought on by over-production and commodity inflation, there has been a period of

almost uninterrupted progress. The last five years have been characterized by a growing prosperity, and the tendency toward large scale production and distribution has become even more marked.

In reviewing the data collected for the Committee on Recent Economic Changes, Professor Wesley C. Mitchell has defined some of the outstanding reasons for this prosperity as follows:

"Americans have applied intelligence to the day's work more effectively than ever before.

"Intensive application of science to industry has been followed by efforts to introduce it into business management.

"There are not only more production, wages and horsepower, but also more management per man.

"Among managerial experiments are coördinated staffs in place of one 'big boss,' bonuses, better statistics, close inventory control.

"Labor-saving machinery has turned out to be job-making machinery.

"Belief in the economy of high wages has become prevalent among the abler business executives.

"Trade unions are acting under a changed economic theory which acknowledges the relationship between productivity and wages.

"Technical advances have been largely in the direction of more economical production; more goods are turned out at less cost.

"Comparisons between output per worker in later years and in 1919 often show sensational gains.

"Without help from any extraordinary invention, railroads also attained a higher level of operating efficiency.

"Numerous corporations and some trade associations are maintaining research departments of their own.

"There has resulted a rapid expansion in the production and sale of products unknown a generation ago."

Notable consolidations throughout American business and finance have taken place, and the emphasis on quantity production, with resulting efficiency, has made it more and more difficult for the smaller units in industry and finance to compete with the great companies. The consolidation in industry and finance also has played no little part in inducing investors to turn from bonds to stocks. Before the United States had a central banking system and when its business was in the hands of many small units, periods of acute depression alternated at fairly regular intervals with periods of great pros-

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perity. These cycles, however, have tended to become of briefer duration in recent years. This, together with the experience of European holders with equity securities as demonstrated in this study has encouraged the public in the purchase of stocks rather than fixed interest-bearing investments. The tremendous advance in the prices of shares of common stock in the last five years has accentuated the swing toward equity securities. As is often the case in situations of this sort, the pendulum went very far, and more recently it was somewhat more difficult to interest American investors in fixed income-bearing securities unless through a conversion or warrant feature there was offered opportunity of sharing in the prosperity of the enterprise in whose securities they were invited to invest.

As this book goes to press, it is too early to judge to what extent the severe decline in stocks which took place on almost all the leading Stock Exchanges, but with particular severity on the New York market, during the second half of 1929, will bring about a reversal in the investment policies of the public, both in the United States and abroad.

FINANCING BY STOCK ISSUES

American business has been quick to note and take advantage of this change of attitude on the part of the investor. Great corporations have shown an increasing tendency to finance themselves through the sale of additional common stock to stockholders, rather than through the issue of bonds or through borrowing from their banking connections. Furthermore, the lessons of 1920 and 1921 appear to have been well learned. The improvement in the operating efficiency of the railroads has enabled business to maintain comparatively low inventories and thus improve the cash working capital position. The great corporations of the United States have changed in many cases from borrowers to lenders. This has created a situation which has made it even more difficult for smaller competing concerns which have to borrow at higher rates of interest for seasonal requirements.

CALL MONEY LOANS BY "OTHERS"

There are numerous large companies which have built up gradually a cash position so strong that they not only have entirely ceased

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to borrow from their banks, even in periods of the greatest seasonal activity, but as occasion offers, loan substantial amounts of funds throughout the year in the call money market. As a rule, a number of these great corporations are now able to finance their normal operations by means of their own cash resources. This has led to the most recent of the outstanding developments of the last decade. It resulted in the financing of big business by its own owners—the stockholders—more than by banks and financial institutions and occasioned a very great increase in loans on securities and to brokers.

When a company sells bonds to obtain funds for expansion or working capital often the bonds are absorbed to a considerable extent by the financial institutions, such as insurance companies and banks, which are limited to their investments and these securities are purchased outright. On the other hand, when a corporation elects to do its financing through offering stock to its own stockholders, many of its stockholders may not have enough funds available to make the additional capital investment. Financing of this kind makes it necessary for such stockholders to contract loans through their banks or brokerage houses. This fact, together with the increasing speculation and higher price level, was responsible, to a certain extent, for the increase in loans to brokers and the higher rates on loans on stock exchange collateral witnessed during 1928 and the greater part of 1929. In turn, these high rates attract the excess working capital and cash funds of both corporations and individuals, whenever the return exceeds the yield obtainable on funds invested in their own business or that of interest-bearing short-term securities, such as treasury bills and bankers' acceptances. In consequence, there came about the tremendous increase in the account of "loans for others," to some aspects of which we also have referred elsewhere.

THE INVESTMENT TRUST

A summary of developments in the last five years would not be complete without mentioning the tremendous growth and development of the investment trusts. Most of these organizations have concentrated their efforts to a large extent in the purchase of equity securities. For many months before the decline in the Autumn of 1929, through the instrumentality of investment trusts, substantial funds were poured into the stock market and large additional

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amounts were added to the "loans for others" on call, because many of the investment trust managements felt that the level of the stock prices was high and, therefore, took advantage of the abnormal return on funds loaned on call.

Summarizing, the development of the last fifteen years indicates quite clearly that the United States, due partly to the influence of the war, has passed through the greatest period of commercial and financial growth in its history. This growth has been furthered to no little extent by inventive genius and vision which has led to the tremendous development in the radio, automobile and public utility fields; it also is a growth which would have been impossible without a sound banking system, unequaled natural resources and a consuming public of 120,000,000 people with the highest standard of living in the world.

PRICE MOVEMENTS OF BONDS AND STOCKS

As is apparent from our Table No. 37, in the United States the price of bonds advanced substantially during the period between 1924 and May, 1928. If an investor in 1924 wishing to diversify about \$12,500 in seven railroad companies' bond and preferred stock issues, had purchased an approximately equal par value of each, he would have obtained in the next four years an increase in principal of about 10%, but if, on the other hand, he had invested his funds during the same period in representative industrial common stocks, he would have obtained an increase in principal of about 75%. However, since April, 1928, high-grade bonds lost over half of their gain of the previous four years, while public utility and industrial stocks, until the drastic decline of October/November, 1929, continued to advance at a rapid rate, and railroad stocks showed a slightly rising trend.

YIELDS OF BONDS AND STOCKS

From January to December, 1928, the yield of shares was, on the whole, progressively smaller than the yield of bonds. If one compares the average yield of 33 industrial companies paying dividends, with an average yield of 15 bonds of important industrial companies, one obtains the following results, according to compilations made by the Standard Statistics Company:

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	<i>Yield in</i>	
	<i>Stocks</i>	<i>Bonds</i>
	%	%
January, 1916	5.50	4.90
January, 1917	5.90	4.90
December, 1917	8.65	5.40
November, 1919	6.05	5.50
December, 1920	8.60	6.15
November, 1922	5.75	5.05
July, 1923	7.00	5.30
January, 1924	5.95	5.25
January, 1925	5.60	5.15
January, 1926	4.90	5.00
January, 1927	5.60	4.85
January, 1928	4.80	4.80
December, 1928	4.20 ¹	4.95

¹ The small average yield of the shares was due in part to certain stocks such as General Motors, Radio Corporation, etc. If one compares the yield of 30 shares of Public Utilities, all paying dividends and enjoying a high standing, the average net yield in December, 1928 was 6.30%.

As to the yield of bonds, the average yields were calculated as follows according to the National City Bank, at the end of 1928:

	<i>Municipal Loans</i>	<i>Rail- ways</i>	<i>Public Service</i>	<i>Industrial Companies</i>
	%	%	%	%
Dec. 15, 1925.....	4.20	4.64	5.45	5.27
Dec. 15, 1926.....	4.13	4.37	5.24	5.13
Dec. 15, 1927.....	3.84	4.11	5.05	4.84
Dec. 15, 1928.....	4.13	4.45	5.26	5.14

COMMENT ON TABLE—(UNITED STATES INVESTMENTS)

In selecting American securities for the hypothetical investment, the chief problem was to arrive at a fair method of choosing common stocks. The common stocks finally selected were chosen from a list which a prominent financial publication considered as leading stocks attractive for purchase in 1914. The rest of the investment is made up of seven high-grade Railroad Bonds and four conservative preferred stocks. Yield on the investment has been calculated in two ways: (1) yield from interest, dividends and the sale of rights, and (2) yield based on total return including appreciation of principal.

The author believes that the method used in carrying through his calculations is clearly shown in Tables Nos. 37 and 38, except, per-

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haps, in the case of common stocks. The situation there is considerably complicated by the fact that stock dividends were paid periodically on some of the stocks, and where the stock dividends were paid in a different class of stock, this class also had to be added. In figuring the annual return on common stocks, the author averaged by dividing the total return by fourteen years. All stock dividends were retained, and rights were considered sold at a price midway between the high and low. Fractional shares also were retained and considered as a dividend-bearing stock; while this could not actually be done in practice, it is believed that the periodical adjustment of fractions from time to time, which actually would take place, would not bring about any great change in the result of the study.

PART III

PROTECTION OF RIGHTS OF SECURITY
HOLDERS

CHAPTER I

PRIVATE PROPERTY

The position of a foreign holder of securities originating in a country involved in war long has attracted special and deserved attention. The inviolability of private property rights in land warfare was considered one of the fundamental principles of international law, up to the World War. This rule was applied to private rights of any kind, especially to claims arising out of contract and tort. Only in a few countries the fulfillment of contracts with enemies during times of war was deemed a crime under common law (the definition of enemy being based on the residence of the individual rather than his citizenship, i.e., all those having their domicile in enemies' countries were considered enemies, irrespective of their being citizens of the country or not).

The principle of inviolability of private property rights, moreover, was recognized by the Second Peace Conference at The Hague in 1907, when in the Treaty concerning laws and usages of land warfare of October 18, 1907, the following Article (23-H) was inserted: "It is directly prohibited to eliminate or temporarily to invalidate the private rights and causes of action of enemy nationals."

The World War is too recent for its interpretation of the law in this respect to be forgotten or disregarded. That these lessons should lead, possibly by international agreement, at least to a clarification of position is evidenced by a review of the situation some ten or more years after the close of the war. It is undeniable that, pending such clarification, the position of the holder of foreign securities requires individual and careful legal study, until such time when perhaps after some sort of international declaration or agreement between a group of nations, the situation of the private holder of property in enemy countries and the relations between enemy creditors and debtors are regulated in such a manner as to protect the interests of investors, business men and banks alike.

RIGHTS OF NEUTRALS

Broadly speaking, the status of holdings of a foreign investor in securities originating in a country involved in war, or for that matter, of a depositor in foreign countries may be that of a neutral or non-neutral. By neutral is meant the position of a citizen of country "A" who invests in securities originating in country "B," which latter country, let us say, becomes involved in war. If country "A" continues neutral throughout the conflict in which country "B" is engaged, the position of the investor, a citizen of country "A," naturally is affected by the progress and results of the conflict, but many legal complications—such as would result if "A" were drawn into the conflict, either on the side of "B" or against "B"—would be averted. It is this second set of contingencies affecting a non-neutral which must be kept principally in mind.

WAR LEGISLATION

Some of the questions which present themselves with respect to complications in the event of war flow from the legislation which was enacted in a number of countries during the World War (these countries including the United States) sequestering or confiscating the property of alien enemies. The questions relate importantly to the position of an alien owner of property, money or securities, in a similar contingency. It is essential, in any inquiry bearing on this matter, to determine what, if any, treaties have been entered into since 1914; and what, if any, laws have been passed in individual countries since 1914, dealing with sequestration or confiscation of so-called alien enemy property.

FUTURE STATUS OF ALIEN PROPERTY

For purposes of reference, material assembled bearing both on alien property and the rights of holders is given in the following chapter under the headings of individual countries. It is to be noted that, generally speaking, little if any progress has been made since the World War in defining the permanent legal status of alien property and holders thereof, the clear inference being that the whole matter is one calling for adjustment. The attitude of many of the

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countries, regarding issues relative to such property and its holders, is useful in establishing a background for probable future action.

DOUBLE TAXATION

A question in which the holder of foreign securities is deeply interested is that of double taxation. While citizens of the United States and domestic corporations are entitled to a credit against income and excess profits taxes paid by them to any foreign country, the legislation of many other countries imposes heavy taxes on their citizens or residents irrespective of whether their income is already taxed by the countries in which it is being earned or received. This question has become particularly important since the heavy increase in taxation which has followed the war, so much so indeed, that to-day, incomes taxed in two countries often are reduced by 80% to 100%. Double taxation, therefore, is a decided obstacle in the development of closer international relations, interfering with the free circulation of capital and so with the normal increase of world production. Double taxation affects mostly the enterprises and individuals possessing enough initiative and daring to go to foreign countries and bring to them the benefit of new capital and strength and intelligence. The limitation imposed by double taxation paralyzes activity and discourages a trend of investment which is of benefit both to the country of origin and the country in which coöperation is sought. The same remarks apply to a certain extent to double taxation in the case of inheritances. A committee of experts has examined this question and made a report to the League of Nations recommending the creation under its auspices of an international organ of permanent character to hasten the solution of this problem.

GOVERNMENTAL CONTROL OF FOREIGN INVESTMENTS

The policies of leading capital exporting countries in controlling the outflow of funds are deeply significant for the citizens of both creditor and debtor nations. In an article published in the *American Economic Review* of December, 1928, Dr. George W. Edwards, Dean of the School of Business Administration of the College of the City of New York, has compared the present policy of the United States in this respect with the policies followed in the past by certain European countries.

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The following abstracts from Dr. Edwards's article dealing with those aspects which are particularly related to the subject of the present study are reprinted with the kind permission of their author:

GREAT BRITAIN

" . . . From the close of the nineteenth century until the outbreak of the war, a revival of nationalism brought about a change of governmental policy. On the one hand, the purchase of the shares of the Suez Canal by Disraeli, the official interest of the British government in the various plans for the financial reconstruction of Greece by international capital, and on the other hand, the failure of Persia to obtain a loan in the London market and the inability to float loans for financing the Bagdad railroad were all evidences of the growing policy of the government to control the export of capital. The most obvious case of the intervention of the foreign office was in relation to the Crisp loan of 1912.

" . . . With the outbreak of the war Great Britain imposed restrictions on the export of capital under the Defence of the Realm act. This control was continued after the war and was modified only in 1925.

FRANCE

" . . . Under the law of January, 1907, security transactions were controlled by an edict that announcements of all issues, sales or introductions of securities must first be published in the official journal. On one occasion this law was enforced against a British corporation which was duly convicted. The law of 1907 was extended from time to time, and on December 16, 1913, a circular of M. Cail-laux applied the law to foreign treasury notes.

"While governmental control was thus directly exercised over the Paris Bourse, regulation was also extended over the *Coulisse*, the unofficial security market. In the case of the latter institution, governmental approval for listing was not mandatory, but it was informally requested. These regulations were applied on various occasions. Regulation to check the export of capital on economic grounds was exercised when the stock of the United States Steel Corporation was denied listing privilege. Similar action was taken against new Italian securities until it was made clear that the life insurance monopoly would not affect the interests of France. Again in 1908

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Argentina had given an order for artillery to the Krupp concern of Germany as against the Schneider works of France. As a result, in the following year when Baring Brothers sought to place in Paris the Argentine internal loan of 1895, its admission was prohibited by the French government. It also banned a Bulgarian loan in 1909 because no orders were to be placed with French suppliers.

"Governmental intervention in the French capital market was exercised not only to check but also to stimulate the export of capital. Thus the 1910 loan of 15 million francs was granted to Serbia because of the agreement to place a contract for arms with the Schneider firm.

"M. Caillaux, in his capacity as Finance Minister, forced the flotation of the Turkish loan of 1914.

GERMANY

". . . Governmental control over investments in the case of Germany did not take the form of a legislative act as in France. However, the government was in a position to influence the course of capital export indirectly through the Berlin Stock Exchange. A standing commission of the Exchange known as the "Zulassungstelle" had the ostensible purpose of protecting the German public against fraudulent issues, but the powers of this body also extended to foreign as well as domestic securities.

"The German government exerted its control over capital export also through the agency of the Reichsbank which was closely controlled by the government under the act of 1875.

UNITED STATES

". . . A definite statement of the policy of the American government toward the growing volume of capital export in the post-war period was enunciated in 1922.

". . . Under date of March 3, 1922, the government issued its 'Statement for the Press on Flotations of Foreign Loans' which read in part as follows:

"The flotation of foreign bond issues in the American market is assuming an increasing importance and on account of the bearing of such operations upon the proper conduct of affairs, it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts

and subsequent developments of importance. Responsible American bankers will be competent to determine what information they should furnish and when it should be supplied.

“‘American concerns that wish to ascertain the attitude of the Department regarding any projected loan should request the Secretary of State in writing for an expression of the Department’s views. The Department will then give the matter consideration and, in the light of the information in its possession, endeavor to say whether objection to the loan in question does or does not exist, but it should be carefully noted that the absence of a statement from the Department, even though the Department may have been fully informed, does not indicate either acquiescence or objection. The Department will reply as promptly as possible to such inquiries.

“‘The Department of State cannot, of course, require American bankers to consult it. It will not pass upon the merits of foreign loans as business propositions nor assume any responsibility whatever in connection with loan transactions. Offers for foreign loans should not, therefore, state or imply that they are contingent upon an expression from the Department of State regarding them, nor should any prospectus or contract refer to the attitude of the government. The Department believes that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue.’

“ . . . This statement has since become known as the ruling of 1922 and it has formed the basis of the government policy regarding the control of our foreign loans. Various attempts have been made by Congress to supplement or supersede this informal ruling of the executive department by a formal act of the legislature.

“ . . . Under this ruling a definite procedure of control over the flotation of foreign loans has been established. An American banking house, contemplating the flotation of a foreign loan, sends to the State Department a written memorandum giving the important details of the prospective loan and asking whether there are any objections to it. The State Department thereupon undertakes, with the coöperation of other departments such as Treasury and Commerce, an investigation of the loan from the standpoint of public policy and informs the banking house whether ‘in the light of the information before it the State Department offers no objection.’ The ruling of 1922 does not permit American bankers to offer

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bids which are conditioned upon the action of the State Department; for the ruling specified that 'offers of foreign loans should not state or imply that they are contingent upon an expression from the Department of State regarding them.' The various government departments, particularly Commerce, have developed an efficient system of collecting data on foreign financial developments, and there is usually available adequate information to serve as a basis for judging whether the proposed loan is in accordance with public policy. As a result the banking house receives a reply within a few days and even within a few hours.

" . . . The ruling of 1922 refers to 'loans', and includes those made not only to foreign governments but also to foreign corporations as well. The ruling is limited to loans which are to be publicly offered and does not extend to loans which are to be privately held even when in the form of actual obligations such as bonds. The State Department has however objected to bank credits when intended for a foreign government which had been banned as a direct borrower. While the ruling includes transactions with foreign corporations, it does not apply to the sale of their shares in this market.

" . . . Under no circumstances should the ruling be interpreted as an opinion by the government on the credit position of a proposed foreign loan. On this subject Secretary Kellogg made the following reference:

" 'The Department has not assumed and could not assume to pass upon the validity of loans or the security. It has not the authority of law and it will be impossible for any department of the government to parcel out foreign loans, pass upon their merits, their security or upon them as business propositions. Where objection is not made, the Department universally states that it does not pass upon the merits of foreign loans as business propositions nor assume any responsibility in connection with such transactions.'

" . . . Officers of the various government departments have also at times expressed views favorable to foreign investments. These statements have however been of a general nature and have usually stressed the broader economic advantages to the United States of such oversea financial interests.

" . . . As in the case of the regulation of foreign financing by other creditor nations, the policy of the United States has been based on political as well as economic motives. These, however, have determined few of the objections of the State Department.

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“ . . . Economic considerations have determined the government in objecting to certain proposed foreign loans. On at least two occasions the government has opposed loans floated in the American money market for the purpose of creating a ‘monopolization of products consumed in the United States.’

“ . . . Contrary to a widely held view, creditor governments such as Holland, England, France, Germany, even under normal economic and political conditions, exercised a considerable degree of control over capital export as soon as its volume became extensive. Control has varied in form from a legislative act regulating the stock exchange in the case of France to an executive policy in the case of England during the nineteenth and twentieth century and in the case of the United States at present. Continental policy, particularly that of France, was motivated rather by political than economic considerations. In contrast, the policy of the United States has been governed primarily by economic considerations. Furthermore, when compared with other countries, control as exercised by the United States has been limited in its application. It has extended only to loans publicly offered and not to loans privately placed or to proprietary interests. The United States had developed all the precedents for government control, expressed either as approval or disapproval, even before the war period. From 1922 to 1928, during which time the ruling of 1922 has been applied, loans amounting to about \$14,500,000,000 have been publicly offered in the United States. Practically all of these were submitted to the State Department for its review. It may therefore be said that these loans have been considered generally unobjectionable from the standpoint of public policy. On the other hand, the State Department has expressed its objection to only a few proposed loans whose amount would have added but a fractional increase to the total amount outstanding. These objections were based on considerations of public policy and on investigations made in coöperation with the various governmental departments which have developed competent systems for gathering data on the various factors relating to the loans under consideration.

“ . . . It is thus seen that governmental control over foreign investment in the case of the United States has been relatively slight.

“ . . . From this fact that the government does not exercise strict control over the flow of our capital abroad, two important policies should be kept in mind by the bankers making such loans. First, if defaults occur in the future, little political assistance should be ex-

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pected from the government which has assumed practically no share in the making of these loans. Secondly, as a result, bankers must realize that the responsibility for the ultimate payment of the foreign loans which they are extending rests primarily on the soundness of their credit judgment and not upon the possibility of political pressure of the United States government. Hence, in the interests of their clients, every care must be exercised no matter how keen the competition is for foreign business."

CHAPTER II

THE ATTITUDE OF FIFTEEN COUNTRIES

AUSTRIA

The Austrian law, it is declared, does not know of sequestration or confiscation of the property of alien enemies in the case of war.

By virtue of an Imperial Order issued October 16, 1914, the then Austrian Government was authorized to decree certain measures regarding the treatment of foreigners or foreign enterprises if the country at war with Austria had taken similar measures against Austrian nationals. At the same time, a number of prohibitions as to payment to foreigners were promulgated; but these, later, were expressly abrogated.

Nevertheless, the present Austrian Government still could take retaliatory measures under the old Imperial authority, should occasion for such measures be determined to be justified.

BELGIUM

There is at present no law or treaty dealing with the rights, in case of war, of a foreign holder of property situated in Belgium. The laws of sequestration voted after the hostilities in 1914 settled only the status of property belonging to alien enemies of Belgium during the World War.

DENMARK

Under the charter of July 4, 1818, it was provided that money from abroad deposited with the National Bank of Denmark, in Copenhagen, and property of every description received by the Bank from foreigners as collateral security or pledge should be entirely exempt from any sort of sequestration or confiscation. This provision still is in force.

Examination of Danish legislation during and since the Great War shows that, as one of the neutrals in the War, Denmark has seen no occasion for enacting new laws affecting wartime problems.

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Widespread attention, however, has been given in both Danish legal and political writings to these problems. It is fair to assume that Denmark would be guided by the League of Nations' action on such problems.

ENGLAND

During the World War certain Special Acts of Parliament were passed on the subject of trading with an enemy; such British Acts applied to only the war period.

The position of an alien holder of property in England appears to be the same to-day as it was prior to the World War. Should a war contingency again arise, the British, no doubt, would again pass special war legislation, and, as this legislation would be guided by events, it is impossible to forecast what form it would take.

FRANCE

At the beginning of the World War the French Courts, applying the regulations of the civil code in the matter of sequestration, as it was indicated by pronouncement of the Minister of Justice that they should be applied, rendered decrees under which the property, coming within the jurisdiction of the courts, owned by subjects of an enemy power, was sequestered. No new law was needed for this action.

The French law of April 4, 1915, forbade any business with enemies and contented itself with recognizing (Article 2) the legitimacy of the sequestrations referred to.

After the war, a law (that of October 7, 1919) established the procedure for the liquidation, in conformity with the regulations of the Versailles Treaty, of the property which had been sequestered. This law of October 7, 1919, was followed by a decree dated October 23, 1919, specifying the terms for the application of the law.

The Gold Clause

A problem which has occupied French public opinion since the war, is the question of the payment in gold francs of principal and interest, by her debtors, of loans made prior to 1914. Mr. Lamoureux, Member of Parliament, estimated that France in 1914 had loaned about thirty-eight billion gold francs * (Millards) equal to about

* According to another estimate, at the end of 1913, 230 Government Bonds and 250 other foreign securities were quoted on the Paris Stock Exchange.

one hundred and ninety billion of present francs. This tremendous investment, by reason of the efforts of the debtors to pay in depreciated francs, would have suffered a diminution of 150 billion present francs in principal. Furthermore, the yearly interest would be reduced by 6 billion francs and the French Treasury itself would lose 1,500,000,000 francs as a result of the corresponding loss in taxes. It appears that, so far, the French holders have not been able to obtain justice. To the International Court in The Hague has been presented two actions concerning the Serbian and Brazilian loans which are now pending. Foreign courts, excepting in one case, have dismissed the French plaintiffs.

By the French Tribunals, 32 judgments have been rendered. From these decisions it may be concluded that the gold clause is valid in international contracts, but this gold clause must be formal, and, moreover, it can only be executed if the place of payment is abroad. Also, as regards the exchange option, there must be a formal option and a foreign place of payment. The payments in France, according to the Court of Appeals, can be made in paper francs, and the French holders can obtain damages only if the gold payment abroad is refused.

As regards loans made by foreigners and stipulated in francs without any qualifications, according to the jurisprudence prevailing, they can be paid back in depreciated francs. Only the International Court of Alexandria, Egypt, has expressed an opinion favorable to the French holder. This doctrine has been applied even when the payment of principal and interest of loans issued in francs (without specification as to "gold" francs or "paper" francs) was jointly guaranteed in gold by a third party; for instance, the French Tribunal of the Seine has decided that there was no direct relation between the guarantee of 6% gold which the company of Sao Paulo, Brazil, received from the government for the service of the loan and the interest due to the French holders which is paid at the rate of 5% in paper francs. Accordingly, this particular company has used the difference to buy back its bonds in the market in paper francs.

In the law dealing with the stabilization of the franc, it has been clearly stated that the new status of the franc would not apply to international payments validly agreed upon in gold. In this connec-

Their nominal face value was over 81 billion francs and their actual market value over 72 billion francs. Of these, 42 billion francs are believed to have belonged to Frenchmen with a yearly income of 2.2 billion francs.

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tion, the opinion has been expressed in the French Chamber of Deputies that each time the intention of the parties was, evidently, that the payment should be made in gold francs, the law should protect the holder in such a manner that his rights would be safeguarded and that the government should instruct the District Attorneys energetically to insist upon this point.

GERMANY

Before 1914 no law had been passed in Germany, nor was Germany a party to any treaty authorizing the seizure of property of any alien.

During the war laws were passed prohibiting payments to certain aliens, the law of August 8, 1917, having regard to United States citizens. An Alien Property Custodian was appointed and it became compulsory to notify him of any alien property. However, these laws have been revoked since the peace treaty.

The legal status of a foreigner in Germany regarding his individual property is the same to-day as it was in 1914. There are no special restrictions against foreigners in regard to their private property which are not equally applicable against German subjects.

HOLLAND

Laws regarding the sequestration or confiscation of alien property did not exist in the Netherlands prior to 1914, and do not now exist.

HUNGARY

The idea of "alien enemy" is unknown to Hungarian law, which now does not contain, and never has contained, any provisions which would automatically influence or determine the legal position of alien enemies on the outbreak of war. In addition, Hungarian courts have no power of retaliation against alien enemies, even if countries with which Hungary may be at war treat Hungarian subjects as alien enemies and confiscate and sequester property belonging to Hungarians.

The only Act of Parliament in Hungary which refers to this whole question is Act 54, enacted in 1912, which gives to the Government the right to make exceptional decisions, determined to be necessary, during a war, on matters which, in time of peace, would

be within the province of Parliament. This Act of Parliament enables the Government to take exceptional action with respect to the property of alien enemies, but only as a matter of defense; it is to be noted that no power is given to the Government by this act to annul international conventions or to confiscate property of foreign subjects.

In a series of Hungarian court judgments during the World War, it was stated that the legal position of alien enemies would not be altered by the state of war.

As a matter of fact, the only restriction with regard to enemy subjects ordered by the Hungarian Government during the World War, under Act 54 of 1912, was the provisional prohibition against sending money into certain enemy countries—namely, England, France, Russia, Rumania and Italy. This prohibition, however, was not invoked with respect to other countries at war with Hungary—for instance, the United States.

Under the Treaty of Trianon, Hungary undertook, with respect to the property, rights and interests of nationals of Allied and Associated Powers, to restore and maintain, except as expressly provided by the Treaty, the property, rights and interests of nationals of Allied or Associated Powers in the legal position obtaining in respect of the property, rights and interest of nationals of the former Kingdom of Hungary under the laws in force before the war; and “not to subject the property, rights or interests of the nationals of the Allied or Associated Powers to any measures in derogation of property rights which are not applied equally to the property, rights and interest of Hungarian nationals, and to pay adequate compensation in the event of the application of these measures.”

ITALY

On May 24, 1915, the day of the outbreak of war between Italy and Austria, an Italian law was passed dealing with property belonging to alien enemies. The so-called *Derceto Luogotenenziale* of November 28, 1918—No. 1829—was issued in execution of this law.

Under the various Treaties of Peace, the Italian Government was authorized to confiscate property located in Italian territory and owned by alien enemies. By the Royal Decree of April 10, 1921, No. 470, referring to the clauses of the Treaties of Peace of Versailles and St. Germain, the Italian Government also assumed ownership of commercial and industrial firms, real estate, personal property,

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participations, securities and all other resources of whatever kind existing in the territory of the Kingdom of Italy and belonging to German and Austro-Hungarian subjects.

No special laws were passed in order to authorize the transfer to the public domain of property owned by Bulgarian and Turkish subjects, although the Treaties of Neuilly and Sevres would have justified the Italian Government in so doing.

The Italian Government has declared, although not officially, that in no instance will it take advantage of Paragraph 8, Part 8 of the Treaty of Versailles, providing that, in case of non-fulfillment of engagements undertaken by Germany in respect of the Treaty, it may take certain steps deemed necessary by it according to circumstances.

It is considered that at present the exceptional measures taken during the war have no effect in Italy in respect of aliens now buying and holding property in Italy. As regards real estate, immovables, credits and money values, foreigners residing in Italy have the same property rights and duties as nationals have.

NORWAY

Norway signed the treaties passed by the Second International Peace conference at The Hague in 1907, and these treaties therefore determine the position of foreign investors in Norway, insofar as their holdings might be affected by war. No new treaties covering the sequestration and confiscation of alien property have been entered into by Norway, up to the present.

SPAIN

No Spanish Government regulations appear to exist by which foreigners holding property in Spain are limited in the right of usufruct of their property; nor has there been a law passed in virtue of which foreigners' property existent in Spain might be confiscated on account of such foreigners being adjudged enemies of Spain.

SWEDEN

There are in Sweden no laws or ordinances authorizing the state, in the event of war, to sequester or confiscate an alien's property situated in Sweden, or his money or securities deposited in Sweden.

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Sweden, being neutral during the World War, was not faced with the necessity of legislating on these subjects.

In view of the situation as thus outlined, it is impossible to make any pronouncement as to what would be the position of an alien owner of property, money or securities held in Sweden, in the event of a war involving Sweden.

SWITZERLAND

Switzerland long ago adopted the principle of eternal neutrality; this policy was officially recognized by the European Great Powers in the Treaty of Vienna, enacted in 1815. The policy again was recognized by the Versailles Treaty in 1919. The Swiss Government, therefore, never has seen fit to enact any legislation dealing with the question of protection of property of foreigners in Switzerland.

CANADA

The legislation passed in Canada during the course of the World War confiscating the property of enemy aliens applied only to the situation then existing and to those nations which were in arms against the Allies. No permanent legislation laying down the principles of confiscation to be followed in any future wars was passed nor were any treaties entered into embodying regulations or principles in this connection.

The position of any alien holder of property in Canada is now no different than it was in, say, 1913.

UNITED STATES OF AMERICA

SEQUESTRATION OF PRIVATE PROPERTY

The situation in the United States with respect to the sequestration or confiscation of property of alien enemies to-day is the same as it was in 1917. Since that time the United States has enacted no laws, nor has it become a party to any treaties which make any change in the situation which existed at the time of the entrance of this country into the World War.

The Settlement of War Claims Act relates solely to the disposition of property sequestered in the United States during the World War, and contains no provision looking to the future. If, therefore,

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the United States again were to become involved in war, Congress would be at liberty to make such provision as it might see fit with reference to the property of enemy subjects found in this country, and, inferentially, the enemy Government similarly could make its own regulations with reference to American property found within its territory.

With regard to any provisions found in old treaties relative to the right to remove property from the contracting countries in the event of war between them it is to be noted that the generally accepted principle is that treaties between belligerents lapse upon the declaration of war, and this principle would seem to render any such provisions as referred to ineffective.

THE PEACE AND WAR CLAUSE

What is the value of covenants in foreign government bonds that interest and principal shall be paid in both peace and war? Naturally such a provision appeals to investors as a safeguard; however, it is to be remarked that there is authority for considering such stipulations as adding nothing to the security of the obligation. If the state issuing such bonds were to go to war with another power and, as an incident to war, repudiate the bonds, the United States undoubtedly would demand that the obligation to American bond holders be met.

It is conceivable that the stipulation would strengthen the position of the United States in making the demand, but the demand doubtless would be made in any event, and the result would be determined, first, by the way in which the demand was prosecuted, and, second, by the powers of the debtor state. If war arose between the United States and such debtor nation, the bonds would be dealt with in the same manner as they would be without such stipulation, except that the presence of the stipulation possibly might have some influence upon an arbitral tribunal.

One question with regard to enemy-owned securities has been clarified since the war by judicial decisions in both the United States and England. During the war, when it came to the attention of the Alien Property Custodian that shares of stock in an American corporation were owned by an enemy, the Custodian undertook to seize the shares on the company's books. In a number of instances the British Public Trustee found the certificates for these shares in

England, pledged for loans, and undertook to seize the shares by taking possession of the certificates.

Since the war, the question of the *situs* of such shares has been litigated in the highest courts of both countries; they agree in sustaining the British seizure where the certificates were endorsed in blank so as to have title to the shares pass from hand to hand by delivery of the certificates; that is to say, in the case of "street certificates" the share itself becomes united to the certificate and has *situs* where the certificate is found. It is perhaps fair to presume that this ruling may now be taken as settled law for the United States and England, and that it probably would be followed by each country in the event of another war. The decisions with regard to such cases also include citations from some Continental Authorities. It is to be remembered that the cases relate specifically only to shares of stock evidenced by endorsed certificates; it may be suggested that there is no reason why the principle involved should not apply *a fortiori* to coupon bonds.

APPENDIX

(A) *COUNTRIES CONSIDERED IN THE SURVEY*

AUSTRIA
RECAPITULATION

	JAN. 2, 1914			OCT. 10, 1924			APR. 2, 1928		
	<i>Amount of Kr.</i>	<i>Con- verted at</i>	<i>Dollar Amount</i>	<i>Amount of Kr.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>	<i>Amount of Sch.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>
Total Bonds ...	62,269.47			37,291,725.00			15,492.39		
Total Stocks ...	60,717.00			92,035,987.50			19,045.27		
	122,986.47	4.93519	\$24,920.32	129,327,712.50	71.185	\$1,816.76	34,537.66	711.75	\$4,852.49
							Value of rights sold ¹		96.25
									<u>\$4,948.74</u>

¹ See page 138.

TABLE No. 1

BONDS ¹

AUSTRIA

<i>Name</i>	JAN. 2, 1914			OCT. 10, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Cost</i>	<i>Quotation</i>	<i>Market Value</i>	<i>Quotation</i>	<i>Market Value</i>
4% Oest. Kronen-Rente	Kr. 100	Kr. 82.60	Kr. 8,393.33	Kr. 0,875	Kr. 1,246,525	Sch.	Sch. 288.44
4% Oest. Gold-Rente	50	103.75	10,475.00		17,095,200		5,683.95
4% Elisabethbahn Schuldverschreibungen in Gold	50	103.20	10,320.00	77,000	7,700,000	66.50	6,650.00
4% Kaiser Ferdinands-Nordbahn Noten Prioritätsanleihe 1886	50	90.50	9,183.33	60,000	6,000,000	16.50	1,650.00
4% Nieder. Oest. Landes-Hypotheken-Anstalt Pfandbriefe	100	84.75	8,575.00	2,000	200,000	.50	50.00
4% Wiener Verkehrsanlagen . .	100	82.50	8,350.00	3,500	350,000	.60	60.00
3% Oest. Lokaleisenbahn Prioritäten	100	69.00	6,900.00	47,000	4,700,000	11.10	1,110.00
Brokerage and tax			72.81				
			62,269.47		37,291,725		15,492.39

¹ See Note A, Page

TABLE No. 1

BONDS ¹

AUSTRIA

<i>Name</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
4% Oest. Kronen-Rente	Kr.	%	Kr.	%	Sch.	%
4% Oest. Gold-Rente	400.00	4.84	0		0	
4% Elisabethbahn Schuldverschreibun-	502.50	4.84	0		0	
gen in Gold	502.50	4.87	502.50	0.0065	0	
4% Kaiser Ferdinands-Nordbahn Noten	400.00	4.42	0		0	
Prioritäts anleihe 1886						
4% Nieder. Oest. Landes-Hypotheken-	400.00	4.72	0		0	
Anstalt Pfandbriefe	400.00	4.84	400.00	0.1143	0	
4% Wiener Verkehrsanlagen	300.00	4.34	0		0	
3% Oest. Lokaleisenbahn Prioritäten ...	2,905.00	4.71	902.50	0.0024	0	0

¹ See Note A, page 134.

Fourteen Years of European Investments

AUSTRIA

NOTE A.

The Austrian Government refuses any liability imposed by the Treaty of St. Germain in connection with the revaluation of Austrian pre-war debts represented by bonds. However, the Government is taking this decision only with respect to its own citizens; it was necessary to make some concessions to foreign bond holders, both on account of the Treaty and the original issue conditions of the bonds. These concessions were made even when the bonds were deposited in Austria. The degree of revaluation, when such valuation was contemplated, was not definitely determined, save in part; the chances of revaluation, as a whole, of certain bonds (particularly the non-redeemable Austrian bonds not secured by mortgages), together with the actual worth of such bonds, as reflected on the market, may be recognized approximately from quotations, from time to time, on the stock exchanges.

The Austrian mortgage banks did not agree to any revaluation of their secured bonds, first, because of the stand taken by the Austrian Government that no private institutions might be obliged to make revaluation; and, second, because mortgages on real estate in Austria have not been revalued, due to the depreciation of the property coterminous with the enactment of laws concerning the protection of lessees of apartments.

One may note, in passing, that liens guaranteeing railway preference bonds were registered on properties situated both within territories of the present Austrian Republic and in the Succession Countries. The bond issues or parts thereof guaranteed by liens on properties situated within the present Czechoslovakian Republic were redeemed by the Czechoslovakian Government at their nominal value, payment being made in new Czechoslovakian bonds issued in Czech Kronen; the loss of the bond holders, due to the depreciation of the old Austrian Kronen was, therefore, reduced insofar as Czech Kronen were substituted for old Austrian Kronen.

That part of each bond issue guaranteed by liens on properties situated in territories of the present Polish Republic it is the intention to have redeemed in a manner similar to the Czech procedure. However, redemption is only made to such bond holders as are subjects of countries which have revalued their debts with Polish creditors.

The old Austrian pre-war Railway bonds still are traded in on the Vienna Exchange in their original form. Naturally, the quotations reflect what readjustment may be anticipated at some future time.

As to the gold loan bonds of the Elizabeth Railway, an appropriate revaluation, by means of issuing new bonds in exchange for the old ones, is expected from the Austrian Government—this because the bonds were issued on a gold basis. In addition, liens guaranteeing the issue were registered on properties of the Elizabeth Railway. The high price of these bonds is due to this revaluation outlook.

As already stated, in connection with the bonds drawing a fixed interest, the Austrian state maintains the principle of non-valorization, i.e., now as ever, the rule: "Crown is crown," obtains. Therefore, all the coupons of these loans were paid in paper crowns, i.e., their equivalent, in the currency which is now in force, at the ratio, Crowns 10,000 are equal to 1 Austrian schilling. From this are excepted the preferred shares of those railroads, which cover Austrian and other territory, hence, in this list, the 4% Ferdinand Nordbahn and the 3% Oest. Lokalbahn Preferred. With the 4% Ferdinand Nordbahn

Appendix

Preferred of the 3/1, 1886, the Austrian share is 17,997, the Czechoslovak share 59,149, and the Polish share 22,854%. For the pro rata part of the Czechoslovak territory, there was issued a 4% Czech State R. R. bond in Czech crowns. Out of reciprocity the Polish share has not been valorized up to now for Austrians, but in case of a foreign nationality, as is the case here, 15% of the Polish share is increased in value through exchange into a Polish conversion loan. In the case of the 3% Austrian Local R. R. Preferred matters are similar to the above-mentioned Nordbahn Preferred. Of this loan, 61,917% fall to Czechoslovakia, the remainder of 38,083% to Austria. The exchange of these preferred shares into 3% Czech State R. R. bonds was done at the ratio of K. 100—to Kc. 62.—nominal while the coupons were redeemed at the rate of Kc. 16.40 for every 100 K.

With both R. R. preferred shares, after exchange of the corresponding part into the Czech loan, ownership of the Austrian, or Polish, shares have been substantiated through the surrender of the old stub or of the last coupon. The Austrian shares are dealt in at the Vienna Stock Exchange, which quotes now for the 1886 Nordbahn Preferred S—.43, for the 3% Austrian Local R. R. Preferred S—.70 for every K. 100.—or fl. 50.—nominal.

However, the exchange could not be considered in this statement inasmuch as the respective manifest of the Czech finance minister was only published in July 1928, and entered into force only at that time, while in this statement the due date March 31, 1928 was taken as a basis.

Nor could the possibility of conversion, published as early as 1926, be availed of, as at that time the exchange was subject to a simultaneous subscription for a nominal amount of the same size, although no new capital is to be invested in the present fictitious case. As to the 4% Elisabethbahn Gold bonds, these are a purely Austrian debt, since the territory covered by the Elisabethbahn is all Austrian. In due consideration of the gold character, however, the stock exchange has already discounted a large part of the revaluation. The rate of the latter on March 21, 1928 was S 66.50.—

The mortgage bonds of the Nieder. Oesterr. Landes Hypotheken Anstalt have not been valorized, in accordance with the general rule. Nevertheless, the stock exchange discounted here too an eventual revaluation chance, as the opinion prevails that in case of the increase of the rents and the restoration of the landlords' revenues there is the possibility of a valorization of the former mortgages, which on the other hand would involve the necessity of an increase of the mortgage-bonds. All this, however, only on condition that a valorization in general may be brought about.

The I. Wiener Verkehrsanlagen Loan has been entirely disposed of by lottery last year, but here too the old owners did not make any use of the lottery, as in this case too they do not lose hope in a valorization. Corresponding to these hopes the stock exchange now quotes this loan too with about S—.70, i.e., 7000% of the nominal value in crowns.

As to the state revenues, here too the hope for valorization is expressing itself in the rate, however, not to the same extent as with other loans, especially funded ones, as the former are not funded loans and as they are permanent (perennial.) At any rate, these revenues too would profit from an eventual valorization. However, in case of revaluation, upon which, as already mentioned, the Austrian state does not look favorably at the time being, the fact of the old ownership would presumably have to be substantiated.

TABLE No. 2

STOCKS

AUSTRIA

<i>Name</i>	<i>No. of Shares</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928		MAR. 15, 1929	
		<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
		Kr.	Kr.	Kr.	Kr.	Sch.	Sch.	Sch.	Sch.
Oesterreichische Ungarische Staats-Eisenbahn Ges. ¹ . .	25	242	6,650	388,000	9,700,000.00	27.50	687.50	44.15	1,103.75
Prager Eisenindustrie . . .	10	2,400	24,125	1,600,000	16,000,000.00	358.10	3,581.00	494.00	4,940.00
Aussig Chemische Aktien ² .	5	2,710	13,600	1,375,000	34,375,000.00	212.50	5,312.50	250.00	6,250.00
Allgemeine Oest. Bau-Ak- tien	25	367	9,425	180,000	4,500,000.00	19.60	490.00	34.80	870.00
St. Egydier Eisen-und Stahl Aktien ³	25	269	6,850	1,130,000	28,250,000.00	365.50	9,137.50	388.00	9,700.00
Commission and tax . .			60,650		92,825,000.00		19,208.50		22,863.75
			67		789,012.50		163.23		
			60,717		92,035,987.50		19,045.27		
								Converted @ 14.05 per Sch. = \$3,212.36	

¹ See page 134.² See page 134.³ See page 134.

TABLE No. 2

STOCKS

AUSTRIA

<i>Name</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
	Kr.	%	Kr.	%	Sch.	%	
Oesterreichische Ungarische							
Staats-Eisenbahn Ges. . .	328.25	5.42	750,000	7.73	235.20	6.36	
Prager Eisenindustrie . . .	400.00	1.67	569,250	3.56	43.75	4.39	
Aussig Chemische Aktien .	800.00	5.90	2,329,600	6.05	173.25	3.95	
Allgemeine Oest. Bau-Ak- tien	400.00	4.36	186,000	3.33	31.00	5.10	
St. Egydier Eisen-und Stahl Aktien	300.00	4.46	1,875,000	6.63	500.00	5.47	
	2,228.25	3.74	5,709,850	6.39	983.20	4.84	

Fourteen Years of European Investments

¹ STAATSBAHN WARRANTS:

These warrants could be exchanged into shares until March 15th, 1923 at the ratio of 1:1 upon additional payment of K. 150,000 in cash. It has been presumed that this exchange was effected by means of the dollar balance.

² AUSSIG CHEMISCHE SHARES:

In 1916, the nominal value of a share, which up to then was K. 1000.—, was fixed at K. 200.— and for every share of the nominal value of K. 1000.— 5 shares of the nominal value of K. 200.— were delivered, so that for 5 shares acquired in 1914 the owner obtained 25 shares.

³ CAPITAL INCREASE:

In case of capital increases the right of acquisition has been exercised in such a way that without requiring further capital, so many rights have been offered for sale as were necessary for the purchase of the new shares. There has been, therefore, an increase in the number of shares as shown in the statements. After subscription to the new shares the total holdings consisted of:

- 25 Staatsbahn shares,
- 11 Prager Eisen shares
- 28 Aussig Chem. shares
- 31 Allgemeine Bau shares
- 25 Egidier Eisen shares

The capital increases effected during the period from the beginning of 1914 until March 31st, 1928 were as follows:

ALLGEMEINE OESTERREICHISCHE BAU—GESELLSCHAFT

Issue of new shares at the ratio of 1:1 @ K. 600.—

Expiration date of exercise of rights: May 19 to 31, 1920.

Average price of the right K. 77.— @ 175— .. \$.44 i.e.,
for 25 shares \$11.00

Issue of new shares at the ratio of 5:2 @ K. 3,700.—

Expiration date for exercise of rights: January 30 to Feb. 9, 1922

Average price of the right K. 1,275.— @ 8,000.— .. \$.16 i.e.,
for 25 shares 4.00

PRAGER EISEN INDUSTRIE GESELLSCHAFT

Issue of new shares at the ratio of 3:1 @ Kc. 700.— Austr.
K. 6,160.—

(Rate of exchange Prague beginning of May 1921 K. 880.—)

Expiration date for exercise of rights: April 29 to May 10, 1921.

Average price of the right K. 1,310.— @ 630— \$2.08 i.e.,
for 10 shares 20.80

AUSSIG CHEMISCHER VEREIN

Issue of new shares at the ratio of 9:2 @ Austrian K. 900.—

Expiration date for exercise of rights: July 6 to 16, 1917

Average price of the right K. 67.— @ 8.62 .. \$7.77, i.e.,
for 5 shares 38.85

Issue of new shares at the ratio of 3:1 @ Kc. 1,000.— Austr.
K. 7,500.

(Rate of exchange Prague beginning January 1921 K. 750).

Expiration date for exercise of rights Dec. 27, 1920 to January
8, 1921

Average price of the right K. 1,337.— @ 668.50 .. \$2.—, i.e.,
for 5 shares 10.00

Protection of Rights of Security Holders

Issue of new shares at the ratio of 3:1 @ ks. 575.—Austr. K. 109,250.

(Rate of exchange Prague middle of May 1922 K. 190.— for 1 Kc.)

Expiration date for exercise of rights: May 15 to 23, 1922.

Average price of the right K. 6,750.— @ 9.900— \$.68, i.e.,

for 5 shares 3.40

Issue of new shares at the ratio of 20:3 @ Kc. 850.—Austr.

K. 1,785,000

(Rate of exchange Prague October 1923 K. 2,100— for 1 Kc.)

Expiration date for exercise of rights: October 22 to 30, 1923

Average rate of the right K. 115,000 @ 70,100— \$1.64, i.e.,

for 5 shares 8.20

\$96.25

BELGIUM

RECAPITULATION

	JULY, 1914			DEC. 30, 1924			JULY 31, 1928		
	<i>Amount of Fcs.</i>	<i>Con- verted at per Fc.</i>	<i>Dollar Amount</i>	<i>Amount of Fcs.</i>	<i>Con- verted at per Fc.</i>	<i>Dollar Amount</i>	<i>Amount of Fcs.</i>	<i>Con- verted at per Fc.</i>	<i>Dollar Amount</i>
Total Bonds	65329.		\$12,461.50	58204.		\$2,907.29	80039.		\$2,229.09
Total Stocks	65536.		12,500.99	121042.		6,046.05	330900.		9,215.57
	130865.	19.075	\$24,962.49	179246.	4.99½	\$8,953.34	410939.	2.78½	\$11,444.66

TABLE No. 3 (EXHIBIT A)

BELGIUM

<i>Name</i>	JULY, 1914			DEC. 30, 1924		JULY 31, 1928	
	<i>Nominal Amount</i>	<i>Quota-tion</i>	<i>Cost</i>	<i>Quota-tion</i>	<i>Market Value</i>	<i>Quota-tion</i>	<i>Market Value</i>
	Fcs.	Fcs.	Fcs.	Fcs.	Fcs.	Fcs.	Fcs.
Hypothecaire d'Egypte—4% .	4,700	345.00	16,215	380	17,860	775	36,425
Burbach—5%	3,200	509.50	16,304	398	12,736	480	15,360
Cie. Agricole et Hypothecaire							
Argentine—5%	3,400	490.00	16,660	402	13,668	421	14,314
Cie. Industrielle Pastorale							
Belge Sud. Amer.—5% . . .	3,400	475.00	16,150	410	13,940	410	13,940
			65,329		58,204 ¹		80,039 ¹

¹ The reader will take into account that the gold value of the Belgian franc had declined in the meantime.

TABLE No. 3 (EXHIBIT A)

BONDS

BELGIUM

Name	JULY, 1914		DEC. 30, 1924		JULY 31, 1928	
	Interest	Yield	Interest	Yield	Interest	Yield
Hypothecaire d'Egypte—4%	Fcs. 940	% 5.79	Fcs. 940.00	% 4.63	Fcs. 940.00	% 2.25
Burbach—5%	800	4.90	800.00	6.03	800.00	4.88
Cie. Agricole et Hypothecaire Argentine —5%	850	5.10	850.00	5.84	850.00	5.52
Cie. Industrielle Pastorale Belge Sud. Amer.—5%	850	5.26	850.00	5.37	850.00	5.29
	3,440	5.27	3,440.00 less taxes 297.80	5.40	3,440.00 less taxes 443.80	3.74
			3,142.20 ¹		2,996.20 ¹	

¹ The reader will take into account that the gold value of the Belgian franc had declined in the meantime.

TABLE No. 4 (EXHIBIT A)

STOCKS

BELGIUM

Name	JULY, 1914		DEC. 30, 1924		JULY 31, 1928		FEB. 28, 1929	
	Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
	Fcs.	Fcs.	Fcs.	Fcs.	Fcs.	Fcs.	Fcs.	Fcs.
Banque Nationale	3,900	3,900	4,410.00	4,410	2,910	2,910	3,215.00	3,215
Banque de Bruxelles	970	4,850	920.00	4,600	2,510	12,550	3,185.00	15,925
Banque d'Anvers	1,520	4,560	1,385.00	4,155	2,930	8,790	3,095.00	9,285
Banque Centrale Anversoise ..	515	5,150	847.50	8,475	1,550	15,500	1,325.00	13,250
Cockerill	1,250	5,000	1,040.00	4,160	4,110	16,440	4,200.00	16,800
Ougree Marihay	1,318	3,954	1,372.00	4,116	4,710	14,130	5,830.00	17,490
Esperance Longdoz	425	5,100	2,025.00	24,300	6,300	75,600	8,650.00	103,800
La Providence	2,630	5,260	2,765.00	5,530	13,150	26,300	15,500.00	31,000
Tramways of Buenos Aires ...	38	115	208.00	7,904	770	29,260	860.00	32,680
Tramways of Rosario	60	78	272.50	16,350	335	20,100	287.50	17,250
Tramways of Rotterdam	52	91	138.00	7,176	785	40,820	785.00	40,820
Tramways of Antwerp	29	170	264.00	7,656	425	12,325	510.00	14,790
Compagnie Electrique Anver- soise	11	400	950.00	10,450	3,675	40,425	5,125.00	56,375
Electricite de l'Escaut	30	155	392.00	11,760	525	15,750	645.00	19,350
		65,536		121,042 ¹		330,900 ¹		392,030
								Converted @ 2.7780 per B. Fc. = \$10,890.60

¹ The reader will take into account that the gold value of the Belgian franc had declined in the meantime.

TABLE No. 4 (EXHIBIT A)

STOCKS

BELGIUM

<i>Name</i>	JULY, 1914		DEC. 30, 1924		JULY 31, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
	Fcs.	%	Fcs.	%	Fcs.	%	
Banque Nationale	83.00	2.12	115.00	2.60	52.50	1.80	
Banque de Bruxelles	250.00	5.10	212.50	4.62	253.50	2.01	
Banque d'Anvers	225.00	4.93	216.75	5.21	292.50	3.35	
Banque Centrale Anversoise	255.00	4.95	467.50	5.51	585.00	3.77	
Cockerill	400.00	8.00	221.00	5.31	312.00	1.89	
Ougree Marilhayé	255.00	6.37	255.00	6.10	351.00	2.48	
Espérance Longdoz	330.00	6.47	1,428.00	5.87	2,808.00	3.71	
La Providence	250.00	4.76	399.50	7.22	390.00	1.48	
Tramways of Buenos Aires	275.50	6.40	310.08	3.92	625.10	2.13	
Tramways of Rosario ...	294.00	6.28	816.00	5.00	1,420.20	7.04	
Tramways of Rotterdam ..	228.80	4.83	624.00	8.69	3,584.88	8.78	
Tramways of Antwerp ...	246.50	5.00	134.27	1.64	445.44	3.61	
Compagnie Electrique An- versoise	176.00	4.00	303.82	2.90	557.70	1.38	
Electricité de l'Escaut	180.00	3.22	408.00	3.48	444.60	2.82	
	3,448.80	5.26	5,911.42	4.88	12,122.42	3.66	

TABLE No. 5 (EXHIBIT B)

BELGIUM

BONDS

<i>Name</i>	JAN. 5, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Market Value</i>
Belgian Loan, 3%; Jan.-July		Fcs.		Fcs.		
Belgian Congo Loan, 4%		76.75% ¹		55%		
1906		85.50% ²		57%		
Cie Intercommunale Bruxelles des Eaux, 4%		460		326.25		
Economiques, 1909; 4% payable at 510		485		435.00		
Transports and Enterprises, Ind. Sofina, 4%		440		412.75		
Esperance Longdoz, 4½% ..		485		399.50		
Providence, 5% payable at 625		604		535.00		
Sambre et Moselle, 4½% payable at 510		480		436.00		
Charbonnage du Hainaut, 4½%		450		394.00		
Electricite Nord Belgique, 4½%		475		370.50		
Enterprises Electriques, 4½%		445		410.00		
Wagons Lits, 4% (B.C.D.E.)		460		424.50		
La Vesdre, 5%		504		462.50		
Conduite d'Eau, 4%		460		363.75		
Linieres des Flandres, 4½% ..		500		453.75		

¹ Quotation for Fcs. 100 par value. These bonds exist in units ranging from Fcs. 100 to Fcs. 10,000.² The quotations are for units of Fcs. 500.

TABLE No. 6 (EXHIBIT B)

BELGIUM

STOCKS

<i>Name</i>	<i>No. of Shares</i>	JAN. 5, 1914		OCT. 14, 1924		APR. 2, 1928	
		<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Cost</i>
Banque de Bruxelles		Fcs.		Fcs.		Fcs.	
Banque Nationale de Belgique		1,025		900.00		3,995.00	
Societe Generale de Belgique.		3,825		4,430.00		3,310.00	
Cie. Immobiliere de Belgique.		5,960		6,050.00		25,500.00	
Ry. Congo Sup. aux Grands		210		423.00		960.00	
Lacs Africains cap.		307		725.00		4,210.00	
Tramways de Bangkok		117		620.00		2,785.00	
Tramways de Bilbao		93		218.50		872.50	
Ste. Gle Chemins de fer Eco- nomiques		606		1,255.00		3,690.00	
Ste. Financiere de Transports et d'Enter. Indust. (Sofina) cap.		1,285		6,725.00		85,000.00	
Fabrique Nationale d'Armes de Guerre		2,825		1,725.00		3,780.00	
Forges de Clabecq		925		6,350.00		35,100.00	

Continued on Page 150.

TABLE No. 6 (EXHIBIT B)

BELGIUM

STOCKS

<i>Name</i>	JAN. 5, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
Banque de Bruxelles	Fcs. 50.00		Fcs. 42.50		Fcs. 46.80		
Banque Nationale de Bel- gique	170.00		340.00		122.50		
Soc. Generale de Belgique.	225.00		212.50		507.00		
Cie. Immobiliere de Bel- gique	12.50		20.00		.....	
Ry. Congo Sup. aux Grands Lacs Africains cap.	10.00		10.00		10.00		
Tramways de Bangkok . . . . .	.....		52.80		70.50		
Tramways de Bilbao	5.30		9.60		18.80		
Ste Gle Chemins de fer Economiques	30.00		42.50		63.50		
Ste. Financiere de Trans- ports et d'Enter. Indust. (Sofina) cap.	55.00		85.00		180.00		
Fabrique Nationale d'Armes de Guerre	150.00		68.00		78.00		
Forges de Clabecq	55.00		212.50		1,404.00		

Continued on Page 151.

TABLE No. 6 (EXHIBIT B)—Continued

Ougree Marihayé	1,360	1,426.00	4,600.00
Charbonnages Centre de Juliet	1,376	3,570.00	4,630.00
Charbonnages Fontaine l'Eveque	3,100	5,600.00	4,180.00
Charbonnages Mariemont Bas-coup	2,250	5,240.00	7,375.00
Mines et Fond. de Zinc de la Vieille Montagne	970	2,320.00	4,355.00
Glaces Nationales Belges	1,712	17,620.00	28,450.00
Eclairage et Chauffage par le Gaz	1,170	2,120.00	14,925.00
Electricite de Rosario	140	705.00	3,310.00
Entreprises Electriques	970	1,143.00	4,010.00
Gaz de St. Josse ten Noode... ..	1,240	4,030.00	3,820.00
Linieres La Lys	2,100	8,485.00	12,275.00
Sté. Aan de Vedrin (Prod. Chim.)	345	2,090.00	4,600.00
Cie. pour le Comm. et l'Industrie au Congo	2,675	1,610.00	14,025.00
Union Miniere du Haut Katanga, cap.	675	3,905.00	11,240.00
Anciens Etab. de Nayer ord. . .	692	2,540.00	7,910.00
Etabl. Americains Gratry div. .	360	7,600.00	15,950.00

TABLE No. 6 (EXHIBIT B)—Continued

Ougree Marihaye	85.00	85.00	117.00
Charbonnages Centre de Juliet	70.00	306.00	546.00
Charbonnages Fontaine l'Eveque	125.00	637.50	156.00
Charbonnages Mariemont Bascoup	55.00	340.00	450.00
Mines et Fond. de Zinc de la Vieille Montagne	25.00	51.00	94.50
Glaces Nationales Belges...	150.00	1,500.00	1,989.00
Eclairage et Chauffage par le Gaz	52.50	52.00	178.00
Electricite de Rosario	8.80	19.20	.....
Entreprises Electriques ...	50.00	42.50	60.00
Gaz de St. Josse ten Noode	60.00	87.25	135.00
Linieres La Lys	165.00	600.00	705.00
Ste. Ame de Vedrin (Prod. Chem.)	20.00	85.00	140.40
Cie pour le Comm. et l'Industrie au Congo	150.00	29.75	78.00
Union Miniere du Haut Katanga, cap. ....	.....	73.60	182.60
Anciens Etab. de Nayer ord.	40.00	153.00	351.00
Etabl. Americains Gratry div.	35.00	400.00	700.00

DENMARK

RECAPITULATION

	JAN. 2, 1914			OCT. 14, 1924			APR. 2, 1928		
	Amount of Kr.	Con- verted at per Kr.	Dollar Amount	Amount of Kr.	Converted at per Kr.	Dollar Amount	Amount of Kr.	Converted at per Kr.	Dollar Amount
Total Bonds	44,425			39,420			38,634		
Total Stocks	49,924			41,634			45,908		
	93,719	26.62 $\frac{3}{8}$	\$24,951.51	81,054			84,542		
				9,400	value rights 17.40		9,400	value rights 26.81	\$25,185.85
				90,454		\$15,739	93,942		

TABLE No. 7 (EXHIBIT A)

BONDS

DENMARK

<i>Name</i>	JAN. 2, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota-tion</i>	<i>Cost</i>	<i>Quota-tion</i>	<i>Market Value</i>	<i>Quota-tion</i>	<i>Market Value</i>
Danish State, 3½%; 1886 ..	Kr. 12,000	% 82½	Kr. 9,909 24*	% 68¼	Kr. 8,182 144*	% 71½	Kr. 8,571 131*
Credit Assn. of Municipalities, 4½%	12,000	96½	11,592 2*	76	9,111 155*	89¼	10,699 137*
Credit Assn. of Danish Isles, 4½%; 7th Series	12,000	97	11,652 2*	81¾	9,800 155*	87½	10,489 137*
Credit Assn. of Small Holders in Jutland, 4%; 3rd	8,000	91½	7,327 1*	78½	6,274 92*	85½	6,833 81*
Copenhagen Hypothec., 4½%; 2	10,000	87¾	8,784 1*	76	7,592 129*	87¼	8,716 114*
			49,924		41,634		45,908

* Plus accrued interest.

TABLE No. 7 (EXHIBIT A)

BONDS

DENMARK

Name	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
	Interest	Yield %	Interest	Yield %	Interest	Yield %
Danish State, 3½%; 1886						
Credit Assn. of Municipalities, 4½% ..						
Credit Assn. of Danish Isles, 4½%; 7th Series		4.5%		5.4%		4.9%
Credit Assn. of Small Holders in Jutland, 4%; 3rd						
Copenhagen Hypothec., 4½%; 2						

TABLE No. 8 (EXHIBIT A)

STOCKS

DENMARK

Name	No. of Shares	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		APR. 5, 1929	
		Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Cost
	Kr.	%	Kr.	%	Kr.	%	Kr.	%	Kr.
Den Danske Landmandsbank..	4,000	140¼	5,616	11 ¹	43	0	0	130¾	5,230
Copenhagen Handelsbank.....	4,000	144	5,766	116	4,621	129¾	5,169	130	5,200
Copenhagen Telephone	4,000	108	4,324	118½	4,721	130	5,179	76½	3,060
United Steamship Co.	4,000	116¾	4,675	82¾ ²	3,295	75½	3,005	91½	3,660
				87¾ ³	3,500	91½	3,650	69½	2,780
Steamship Co., Dannebrog....	4,000	125	5,005	91¼ ⁴	5,452	71 ⁵	3,394	170½	6,820
Danish Sugar Factories.....	4,000	236½	9,469	228	9,083	193¼	7,699	274½	10,980
United Breweries.....	4,000	239	9,570	218½	8,705	264½	10,538		
			44,425		39,420		38,634		37,730
								Converted @ 26.65 per Kr. = \$10,055.05	

¹ 1922—written down to Kr. 400.² 1921—bonus issue.³ Reserve Fund Cert.⁴ 1917 bonus shares 1:2.⁵ Written down to 80%—1926.

TABLE No. 8 (EXHIBIT A)

STOCKS

DENMARK

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
Den Danske Land- mandsbank							Kr. 310
Copenhagen Handelsbk							310
Copenhagen Telephone							180
United Steamship Co...						6.3%	....
Steamship Co., Danne- borg		6.9%					8,460
Danish Sugar Factories						
United Breweries							140
							9,400

TABLE No. 9 (EXHIBIT B)

DENMARK

<i>Name</i>	JAN. 2, 1914			OCT. 15, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
3½% redeemable Danish Govern't Bonds; 1886 . . .		%		%		%	
4½% Ostifernes Credit Assn. —VII (Islands)		82½		68¼		71½	
4% Jutland Smallholders Bonds—III		97		81¾		87½	
4½% Jutland Estate Owners —I		91½		78½		85½	
Selling rate for United States Dollars; \$100. =		96		83		89¼	
		Kr. 376		Kr. 582		Kr. 373.50	

Note: The prices of the bonds do not include interest accrued since the interest payment of the preceding term.

TABLE No. 9 (EXHIBIT B)

BONDS

DENMARK

<i>Name</i>	JAN. 2, 1914		OCT. 15, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
3½% unredeemable Danish Govern't Bonds; 1886		%		%		%
4½% Ostifternes Cr. Assn. — VII (Islands)		4.24		5.12		4.89
4% Jutland Smallholders Bonds—III ..		4.64		5.50		5.14
4½% Jutland Estate Owners—I		4.37		5.09		4.68
		4.68		5.42		5.04
Average		4.48		5.28		4.93

TABLE No. 10 (EXHIBIT B)

STOCKS

DENMARK

<i>Name</i>	<i>No. of Shares</i>	JAN. 2, 1914		OCT. 15, 1924		APR. 2, 1928	
		<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Cost</i>
Det Forenede Dampskibsselskab shares (United S.S. Company)		%		%		%	
De Danske Sukkerfabriker shares (Danish Sugar Factories)		116¾		83¾		75½	
De Forenede Bryggerier shares (United Breweries) .		236¼		229½		193¼	
De Danske Spritfabriker shares (Danish Spirit Factories)		239		218½		264	
Selling rate for United States Dollars; \$100. =		197		167¼		182½	
		Kr. 376		Kr. 582		Kr. 373.50	

TABLE No. 10 (EXHIBIT B)

STOCKS

DENMARK

<i>Name</i>	JAN. 2, 1914		1923		1927		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
	%	%	%	%	%	%	
Det Forenede Dampskibsselskab shares (United S.S. Company)	8	6.85	6	7.16	6	7.94	
De Danske Sukkerfabriker shares (Danish Sugar Factories)	17	7.19	24	10.45	15	7.76	
De Forenede Bryggerier shares (United Breweries)	10	4.18	15	6.86	17	6.44	
De Danske Spritfabriker shares (Danish Spirit Factories)	11	5.58	12	7.17	12	6.57	

BASED ON EXHIBIT A

ENGLAND

RECAPITULATION

	JAN. 2, 1914			OCT. 10, 1924			APR. 2, 1928		
	Amount of £	Conv. at	Dollar Amount	Amount of £	Conv. at	Dollar Amount	Amount of £	Conv. at	Dollar Amount
Total Stocks..	5,081-0-0			7,093-0-0			12,340-0-0		
Total Bonds ..	6,662-10-0			5,680-0-0			5,595-0-0		
	11,743-10-0	4.8615	\$57,091.02	12,773-0-0	4.49¼	\$57,382.70	17,935-0-0	4.88½	\$ 87,567.64
							Value of rights and bonus shares ob- tained ¹		
									18,431.44
									\$105,999.08
Reduced for the purpose of uniformity to			\$25,000.00			\$25,972.00			\$ 50,357.00 ²

¹ See page 168.

² See page 168.

TABLE No. 11 (EXHIBIT A)

BONDS

ENGLAND

<i>Name</i>	JAN. 2, 1914			OCT. 10, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Cost</i>	<i>Quotation</i>	<i>Market Value</i>	<i>Quotation</i>	<i>Market Value</i>
Consols $2\frac{1}{2}\%$	£1,000	71 $\frac{7}{8}$	£ 718-15-0	57 $\frac{1}{4}$	£ 572-10-0	55 $\frac{3}{4}$	£ 557-10-0
Local Loans 3%	1,000	81 $\frac{7}{8}$	818-15-0	66 $\frac{1}{2}$	665- 0-0	65	650- 0-0
India $3\frac{1}{2}\%$	1,000	72	720- 0-0	65 $\frac{1}{2}$	655- 0-0	70 $\frac{1}{2}$	705- 0-0
London County Council							
$3\frac{1}{2}\%$	1,000	92	920- 0-0	76	760- 0-0	75	750- 0-0
Metropolitan Water							
Board 3% "B"	1,000	75	750- 0-0	66	660- 0-0	65 $\frac{1}{2}$	655- 0-0
London & North Western							
Rly. 3% Debenture...	1,000	77 $\frac{1}{2}$	775- 0-0 ¹	83	622-10-0	81	607-10-0
Bass, Ratchiff & Gretton							
Limited Debenture							
$4\frac{1}{2}\%$	1,000	100	1,000- 0-0	87	870- 0-0	86	860- 0-0
New South Wales 4%							
£942-62	1,000	96	960- 0-0	87 $\frac{1}{2}$	875- 0-0	81	810- 0-0
			£6,662-10-0		£5,680- 0-0		£5,595- 0-0

¹ In January 1923 this stock was converted into £750 London, Midland & Scottish Ry. 4% Debenture bonds.

TABLE No. 11 (EXHIBIT A)

ENGLAND

<i>Name</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield %</i>	<i>Interest</i>	<i>Yield %</i>	<i>Interest</i>	<i>Yield %</i>
Consols 2½%	£ 25-0-0		£ 25-0-0		£ 25-0-0	
Local Loans 3%	30-0-0		30-0-0		30-0-0	
India 3½%	35-0-0		35-0-0		35-0-0	
London County Council 3½%	35-0-0		35-0-0		35-0-0	
Metropolitan Water Board 3% "B"	30-0-0		30-0-0		30-0-0	
London & North Western Rly, 3% De- benture	30-0-0		30-0-0		30-0-0	
Bass, Ratcliff & Gretton Limited Deben- ture 4½%	45-0-0		45-0-0		45-0-0	
New South Wales 4% £942-62	40-0-0		40-0-0		40-0-0	
	£270-0-0	4.5%	£270-0-0	4.8%	£270-0-0	4.8%

ENGLAND

TABLE No. 12 (EXHIBIT A)

Name	JAN. 2, 1914		OCT. 6, 1924		APR. 2, 1928		APR. 18, 1929	
	Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value	No. of Shares	Market Value
J. & P. Coats, Ltd., £ ordinary.	£ 8- 0-0	£400-0-0	Sh. 61-3	£ 153-0-0	Sh. 75-0	£ 187-0-0	50	£ 3½ ₁₆ 7 165-12-6
Imperial Tobacco Co., Ltd., £1 ordinary ¹	Sh. 25-0	625-0-0	Sh. 79-0	1,975-0-0	Sh. 110-6	2,762-0-0	500	6½ ₁₆ 3,093-15-0
Fine Cotton Spinners and Dou- blers' Assn.	Sh. 31-3	781-0-0	Sh. 51-3	1,281-0-0	Sh. 55-0	1,375-0-0	500	2½ ₁₆ 1,031- 5-0
P. & O. Steam Navigation Co., deferred ordinary	£270- 0-0	540-0-0	£300- 0-0	600-0-0	£250- 0-0	500-0-0	200	3 600- 0-0
Shell Transport & Trading Co., Ltd., £1 ordinary	Sh. 97-6	488-0-0	Sh. 77-6	387-0-0	Sh. 88-9	443-0-0	100	4¼ ₁₆ 481- 5-0
County of London Electric Supply Co., Ltd., £10 ordi- nary	£ 12- 0-0	600-0-0	Sh. 43-9	1,093-0-0	Sh. 36-0	900-0-0	500	2½ 1,312-10-0
Gramophone Co., Ltd., £1 or- dinary	Sh. 23-6	588-0-0	Sh. 33-9	843-0-0	£ 11- 3-9	5,593-0-0	500	16½ 8,250- 0-0
Vickers, Limited, £1 ordinary. London & North Eastern Rail- way Cons., ordinary	Sh. 37-6	469-0-0	Sh. 8-9	109-0-0	Sh. 14-0	175-0-0	250	9½ 140-12-6 ²
	£118- 0-0	590-0-0	£ 79- 0-0	395-0-0	£ 57- 0-0	285-0-0	500	57-0-0 285- 0-0
			79- 0-0	198-0-0	35- 0-0	88-0-0	250	35-0-0 87-10-0
			29- 1-2	59-0-0	15- 3-4	32-0-0	200	15-3-4 30- 6-8
		£5,081-0-0		£7,093-0-0		£12,340-0-0		£15,477-16-8
								Converted @ 4.85¼ per £ = \$75,106.19

¹ No record of value has been found in connection with bonus shares of this Company in 1916 and 1918. At that time the shares of the Company were closely held, chiefly by members of the families by whom the principal businesses had been owned and although there may have been dealings in such shares, they were usually a matter of private negotiations.

² Nominal sh. 6-8.

TABLE No. 12 (EXHIBIT A)

ENGLAND

STOCKS

<i>Name</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Dividends</i>	<i>Yield</i>	<i>Dividends</i>	<i>Yield</i>	<i>Dividends</i>	<i>Yield</i>	
J. & P. Coats, Ltd., £ ordinary....	£ 15-0-0		£ 8-15-0		£ 8-15-0		
Imperial Tobacco Co., Ltd., £1 ordinary.....	75-0-0		112-10-0		125- 0-0		
Fine Cotton Spinners & Doublers' Assn.	40-0-0		70- 0-0		75- 0-0		
P. & O. Steam Navigation Co. deferred ordinary	30-0-0		24- 0-0		20- 0-0		
Shell Transport & Trading Co., Ltd., £1 ordinary.....	35-0-0		22-10-0		25- 0-0		
County of London Electric Supply Co., Ltd., £10 ordinary.....	35-0-0		75- 0-0		37-10-0		
Gramophone Co., Ltd., £1 ordinary	50-0-0		75- 0-0		200- 0-0		
Vickers, Limited, £1 ordinary.....	31-5-0				6-13-4		
North Eastern Railway Cons. ordinary	35-0-0		20- 0-0		20- 0-0		
			12-10-0		Sh. 18-9		
			5- 0-0				
	£346-5-0	6.8%	£425- 5-10	5.99%	£518-17-1	4.20%	

ENGLAND

	<i>Bonus Shares Obtained</i>	<i>Value</i>
J. & P. Coats, Ltd., £ ordinary	25 shares @ 46 sh.	£ 57-0-0
	50 " @ 3¼ £	162-0-0
Imperial Tobacco Co., Ltd., £ ordinary ...	500 shares	
	250 "	
	500 " @ 20 sh.	500-0-0
	166 " @ 9 "	75-0-0
	166 " @ 63 "	523-0-0
Fine Cotton Spinners & Doublers' Assn. ..	100 shares @ 20 sh.	100-0-0
	250 " @ 20 "	250-0-0
	100 " @ 50 "	250-0-0
P. & O. Steam Navigation Co., deferred or- dinary	£12 @ 600%	72-0-0
	£12 @ 350%	42-0-0
Shell Transport & Trading Co., Ltd., £1 ordinary	60 shares @ 72/6 sh.	217-0-0
	50 " @ 77/6 "	193-0-0
	50 " @ 57/6 "	143-0-0
County of London Electric Supply Co., Ltd., £10 ordinary	666 shares @ 26 sh.	866-0-0
Gramophone Co., Ltd., £1, ordinary	250 shares @ 26 sh.	325-0-0
		£3,775-0-0
	@ 4.88¼	\$18,431.44

ENGLAND

BONDS

<i>Total Amount Originally Invested 1/2/14</i>	<i>Reduced to \$12,500 Basis</i>	<i>Value 10/10/24</i>	<i>Value 4/2/28</i>
\$32,389.74	\$12,500	\$ 9,847	\$10,541

STOCKS

\$24,701.00	\$12,500	\$16,125	\$39,816
Totals :	\$25,000	\$25,972	\$50,357

BASED ON EXHIBIT B
ENGLAND
 RECAPITULATION

	JAN. 2, 1914			OCT. 10, 1924			APR. 2, 1928		
	Amount of £	Conv. at	Dollar Amount	Amount of £	Conv. at	Dollar Amount	Amount of £	Conv. at	Dollar Amount
Total Stocks ...	2,480-0-0			5,445-0-0			13,720-0-0		
Total Bonds	2,495-0-0			2,289-0-0			2,344-0-0		
	4,975-0-0	4.86.15	\$24,185.96	7,734-0-0	4.49 ¹ / ₄	\$34,745.00	16,064-0-0	4.88 ¹ / ₄	\$78,432.48

TABLE No. 13 (EXHIBIT B)

BONDS

ENGLAND

<i>Name</i>	JAN. 2, 1914			OCT. 10, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Cost</i>	<i>Quotation</i>	<i>Market Value</i>	<i>Quotation</i>	<i>Market Value</i>
2½% Consols	£700-0-0	72	£ 504- 0-0		£ 399- 0-0		£ 395-10-0
Transvaal 3%	500-0-0	91½	457-10-0		392-10-0		415- 0-0
Metropolitan 3% Consolidated	600-0-0	85	510- 0-0		474- 0-0		501- 0-0
Vickers 4% First Debenture ¹	500-0-0	94	470- 0-0		470- 0-0		450- 0-0
Bank of England	225-0-0	246	553-10-0		573-15-0		582-15-0
			£2,495- 0-0		£2,289- 0-0		£2,344- 0-0

¹ These 4% Debentures were exchanged in April, 1924, for an equal amount of 5% Debentures similarly secured.

TABLE No. 13 (EXHIBIT B)

BONDS

ENGLAND

<i>Name</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
$2\frac{1}{2}\%$ Consols		% 3.46		% £4- 7-3		% £4- 8-0
Transvaal 3%		3.27		3-18-0		3-10-6
Metropolitan 3% Consolidated		3.53		3-15-0		3-11-0
Vickers 4% First Debenture		4.25		5- 9-3		5- 5-3
Bank of England		3.65		4-13-3		4-11-3
Average		3.63		£4- 8-6		£4- 5-2

TABLE No. 14 (EXHIBIT B)

ENGLAND

Stocks

<i>Name</i>	<i>No. of Shares</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928	
		<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Cost</i>
Fine Cotton Spinners & Dou- blers' Association ¹	350	30/6	£ 534-0-0		£1,102-0-0 (420 shares)		£1,386-0-0 (504 shares)
Gramophone Co. ²	400	25/-	500-0-0		975-0-0 (600 shares)		7,200-0-0 (600 shares)
Home & Colonial Stores "A" Cum. Ord. ³	200	46/3	462-0-0		1,750-0-0 (800 shares)		3,200-0-0 (800 shares)
Guest Keen & Nettlefolds ⁴ ..	150	64/6	484-0-0		945-0-0 (450 ordinary) (150 II Prefs)		1,021-0-0 (450 ordinary) (150 II Prefs)
British American Tobacco ⁵ ..	100	£5-0-0	500-0-0		673-0-0 (125 shares)		913-0-0 (156 shares)
			£2,480-0-0		£5,445-0-0		£13,720-0-0

¹ Capital bonus of 20% in 1918/9, and of 20% in 1925.² Bonus of 50% in 1919.³ Capital bonus of 300% in 1920.⁴ Capital bonus of 300% in 1919.⁵ Free bonuses of 1 in 4 July, 1920, and same in June, 1926.

TABLE No. 14 (EXHIBIT B)

STOCKS

ENGLAND

<i>Name</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
Fine Cotton Spinners & Dobblers' Association ..		%		£ 5- 5-9 10- 2-0		£4-5- 3 3-6- 9	
Gramophone Co.		5.24 8					
Home & Colonial Stores "A" Cum. Ord.		8.66 4.937 5.2		6- 9-9 7- 6-6 5-19-4		6-5- 0 6-6- 7 5-5-11	
Guest Keen & Nettlefolds. British American Tobacco.							
Average		6.41		£ 7- 0-8		£5-1-11	

FRANCE
RECAPITULATION

	JAN. 6, 1914			OCT. 14, 1924			APR. 2, 1928		
	<i>Amount of Fcs.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>	<i>Amount of Fcs.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>	<i>Amount of Fcs.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>
Total Bonds	61,465			35,846			45,029		
Total Stocks	63,396			75,743			132,460		
	124,861			111,589			177,489		
							14,400	Value of rights sold	
							191,889		
	124,861	4.994	\$25,000.00	111,589	19.03 ⁴	\$5,863.85	191,889	25.405 ⁵	\$7,553.20

⁴ The rate for francs on Oct. 14, 1924 was 19.03 for one dollar.

⁵ The rate for francs on April 2, 1928 was 25.405 for one dollar.

TABLE No. 15

FRANCE

BONDS

Name	JAN. 6, 1914			OCT. 14, 1924		APR. 2, 1928	
	Nominal Amount	Quota- tion	Cost	No Quotation		No Quotation	
				Market Value	Market Value	Market Value	Market Value
French Government 3% Sinking Fund	Fcs. 11,000	Fcs. 89.50	Fcs. 9,845	Fcs. 6,957	Fcs. 8,442	Fcs. 8,442	
French Government 3% Perpetual	10,000	87.10	8,710	5,105	5,105	7,675	
Russian Government 3% 1891-94	13,000	76%	9,880	1,846	1,846	1,410	
Bonds City of Paris 3% 1871	5 bonds		1,980	1,630	1,630	1,725	
Bonds Foncieres 3% 1909	5 "		1,230	690		830	
Bonds City of Paris 2¾% 1905	5 "		1,710	1,685	1,725	1,725	
Bonds Communales 3% 1891	5 "		1,735	1,070	1,325	1,325	
Bonds City of Paris 2½% 1892	5 "		1,535	935	1,180	1,180	
Bonds Foncieres 2.80% 1895	5 "		2,010	1,240	1,575	1,575	
Paris Lyons Mediterranean RR 3% Cons.	12 "		4,920	3,096	3,744	3,744	
Bonds Nord RR 2½%	5 "		1,875	1,345	1,538	1,538	
Bonds Nord RR 3%	5 "		2,075	1,360	1,665	1,665	
Bonds Nord RR 4%	5 "		2,515	1,500	1,880	1,880	
Bonds Cie Gale des Eaux	5 "		2,425	1,510	1,640	1,640	
Bonds Cie Parisienne de Distribution d'Elec- tricité 4%	10 "		4,450	3,172	4,500	4,500	
Bonds Thomson-Houston 4%	5 "		2,230	1,460	1,950	1,950	
Bonds Messageries Maritimes 5%	5 "		2,340	1,245	2,225	2,225	
Total of Securities with Fixed Income			61,465	35,846	45,029	45,029	

TABLE No. 15

FRANCE

BONDS

<i>Name</i>	JAN. 6, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i> %	<i>Interest</i>	<i>Yield</i> %	<i>Interest</i>	<i>Yield</i> %
French Government 3% Sinking Fund..	Fcs. 330	3.35	Fcs. 330		Fcs. 330	
French Government 3% Perpetual	300	3.44	300		300	
Russian Government 3% 1891-94	390	3.94	300		300	
Bonds City of Paris 3% 1871	60	3.26	60		60	
Bonds Foncieres 3% 1909	37.50	3.26	37.50		37.50	
Bonds City of Paris 2¾% 1905	55	3.26	55		55	
Bonds Communales 3% 1891	60	3.26	60		60	
Bonds City of Paris 2½% 1892	50	3.26	50		50	
Bonds Foncieres 2.80% 1895	70	3.26	70		70	
Paris Lyons Mediterranean RR 3% Con- solidated	180	3.35	180		180	
Bonds Nord RR 2½%	62.50	3.67	62.50		62.50	
Bonds Nord RR 3%	75	3.67	75		75	
Bonds Nord RR 4%	100	3.67	100		100	
Bonds Cie Gale des Eaux 4%	90	4.10 app.	90		90	
Bonds Cie Parisienne de Distribution d'Electricite 4%	179.80	4.10 app.	179.80		179.80	
Thomson-Houston 4%	89.90	4.10 app.	89.90		89.90	
Messageries Maritimes 5%	115.50	4.10 app.	115.50		115.50	
	2,245.20	3.62 net	1,945.00	i.e. 5.42 gross	1,855.20	i.e. 4.12 gross

TABLE No. 16

FRANCE

STOCKS

Name	No. of Shares	JAN. 6, 1914		OCT. 14, 1924		APR. 2, 1928		MAR. 28, 1929	
		Quota- tion	Cost Fcs.	Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
Part Civile Suez ¹	1	Fcs. 3,816	3,816		Fcs. 12,600		Fcs. 27,025	Fcs. 22,900	Fcs. 22,900
Banque de France	1	4,625	4,625		8,000		17,075	25,575	25,575
Banque de Paris	5	1,640	8,200		7,625		14,575	4,885	24,425
Cie Generale des Eaux	5	2,083	10,415		5,305		11,400	2,180	10,900
Thomson	5	860	4,300		2,925		3,800	1,083	5,415
Mines de Bourges	10	465	4,650		8,250		17,200	2,810	28,100
Acieries de Longwy	5	1,480	7,400		5,000		7,675	2,595	12,975
Schneider & Cie (Creusot) ...	5	2,032	10,160		6,700		7,750	2,280	11,400
Cie Transatlantique—Common.	20	159	3,180		3,120		17,400	1,272	25,440
Saint-Gobain ²	1	6,650	6,650		16,218		8,650	8,290	24,870
Total of securities with fluctuating income			63,396		75,743		132,460		192,000
								Converted @ 391 per Fcs. = \$7,507.20	

¹ Average rate for 1913.² Nominal value of this stock was decreased in 1920. The holder of one share has received three new shares, hence the change in the market value for the years 1924 and 1928.

TABLE No. 16

STOCKS

FRANCE

<i>Name</i>	JAN. 6, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield %</i>	<i>Divi- dends</i>	<i>Yield %</i>	<i>Divi- dends</i>	<i>Yield %</i>	
Part Civile Suez	Fcs. 156		Fcs. 468		Fcs. 1,063		Fcs.
Banque de France	208		322		402		
Banque de Paris	325		350		425		2,000
Cie Generale des Eaux . . .	470		250		400		
Thomson	175		225		100		200
Mines de Dourges	160		300		650		2,000
Acieries de Longwy	300		250		325		1,000
Schneider & Cie (Creusot)	425		500		200		2,000
Cie Transatlantique—Com- mon	180		150		360		2,000
Saint-Gobain	200		303		393		5,200
	2,649	4.17 gross	3,118	4.11 ² gross	4,318	3.26 ³ gross	14,400

² Taxes for 1924 on the dividends distributed amounted to about 20%.³ Taxes for 1928 on the dividends distributed amounted to about 25%.

GERMANY

RECAPITULATION

	JAN. 2, 1914			OCT. 14, 1924			APR. 1, 1928		
	<i>Amount of Mks.</i>	<i>Conv. at per Mk.</i>	<i>Dollar Amount</i>	<i>Amount of Mks.</i>	<i>Conv. at per Mk.</i>	<i>Dollar Amount</i>	<i>Amount of Mks.</i>	<i>Conv. at per Mk.</i>	<i>Dollar Amount</i>
Total Bonds . .	49,975			1,400			3,850		
Total Stocks . .	50,125			14,950			47,300		
	100,100	23.694	\$23,963.94	16,350	23.80	\$3,891.13	51,150	23.92	\$12,235.08

TABLE No. 17

GERMANY

BONDS

<i>Name</i>	JAN. 2, 1914			OCT. 14, 1924	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>
	Mks.	%	Mks.	%	Mks.
4% Meiningen Mortgage Bank Bonds.....	10,700	93	10,075	7	750
3½% Prussian Cons. Loan.....	11,700	85.50	10,000	1.2	150
3% German Government Bonds.....	13,200	76	10,000	1.5	200
4% City of Frankfurt Bonds.....	10,300	96	9,900	2	200
4% Krupp Bonds	10,300	97	10,000	0.8	100
			49,975		1,400
<i>Name</i>	APR. 1, 1928				
	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Market Value</i>		
	Mks.	%	Mks.		
Old Meiningen Mortgage Bank Bonds.....	10,700	14	1,500		
Loan Liquidation Debt	3,125	55	1,700		
Municipal Loan Liquidation Debt.....	1,287.50	50	650		
			3,850		

TABLE No. 17

BONDS

GERMANY

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 1, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
4% Meiningen Mortgage Bank Bonds...	Mks.	%	Mks.	%	Mks.	%
3½% Prussian Cons. Loan.....	428.00	}	—	0	—	0
3% German Government Bonds.....	409.50					
4% City of Frankfurt Bonds.....	396.00					
4% Krupp Bonds	412.00					
	2,057.50	4.11	—	0	—	0

TABLE No. 18

GERMANY

STOCKS

Name	Nominal Amount	JAN. 2, 1914		Nominal Value	OCT. 14, 1924	
		Quota- tion	Cost		Quota- tion	Market Value
Deutsche Bank Shares.....	R.M. 4,000	% 250	R.M. 10,000	12,000	% 10	G.M. 1,200
Badische Anilin Shares.....	1,800	550	9,900	40,000	19	7,600
German General Elec. (A.E.G.) Shares.	4,300	255	10,100	11,000	9	990
Hamburg American Line Shares.....	7,500	133	9,975	2,250	27	600
Harpen Mining Industry Shares.....	5,700	177	10,150	5,700	80	4,560
			50,125			14,950

Name	Nominal Value	APR. 1, 1928		Market Value	APR. 25, 1929	
		Quota- tion			Quota- tion	Market Value
Deutsche Bank Shares.....	R.M. 1,800	% 168	R.M. 3,000	R.M. 2,952	% 164	R.M. 2,952
I. G. Farbenindustrie (German Dye Trust) Shares.....	9,600	250	24,000	}	239	28,780
I. G. Farbenindustrie Bonds.....	2,400	145	3,440			
German General Electric (A.E.G.).....	1,300	155	2,000		165	2,145
Hamburg American Line Shares.....	3,300	155	5,160		118	3,894
Harpen Mining Industry Shares.....	5,700	170	9,700		134	7,638
			47,300			45,409

Converted
@ 23.70 per
Mark = \$10,761.93

TABLE No. 18

GERMANY

STOCKS

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924	
	<i>Dividends</i>	<i>Yield</i>	<i>Dividends</i>	<i>Yield</i>
Deutsche Bank Shares.....	R.M. 500	%	R.M.	%
Badische Anilin Shares.....	504		320	
German General Elec. (A.E.G.) Shares.....	602		550	
Hamburg American Line Shares.....	750			
Harpen Mining Industry Sh.	627			
	2,983	5.95	870	5.82
<i>Name</i>	APR. 1, 1928		<i>Value of Rights or Stock Dividends</i>	
	<i>Dividends</i>	<i>Yield</i>		
Deutsche Bank Shares.....	R.M. 180	%		
I. G. Farbenindustrie (German Dye Trust).....	1,152			
I. G. Farbenindustrie Bonds.....	168			
German General Electric (A.E.G.).....	104			
Hamburg American Line Shares.....	264			
Harpen Mining Industry Shares.....	342			
	2,210	4.67		

HOLLAND

RECAPITULATION

	JULY 1, 1914			OCT. 14, 1924			APR. 2, 1928		
	<i>Amount of Glds.</i>	<i>Conv. at per Gld.</i>	<i>Dollar Amount</i>	<i>Amount of Glds.</i>	<i>Conv. at per Gld.</i>	<i>Dollar Amount</i>	<i>Amount of Glds.</i>	<i>Conv. at per Gld.</i>	<i>Dollar Amount</i>
Total Bonds	30,300			25,830			29,800.00		
Total Stocks	32,090			32,817			46,290.00		
	62,390	40.06¼	\$24,995.00	58,647	39.20½	\$22,992.55	76,090.00		
							2,477.50	Value of rights sold	
							78,567.50	40.23½	\$30,614.81

TABLE No. 19

BONDS

HOLLAND

<i>Name</i>	JULY 1, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
	Glds.	%	Glds.	%	Glds.	%	Glds.
3½% Nederland (National Debt)	7,000.00	90	6,300.00	75	5,250.00	88	6,160.00
4% Hollandsche Spoor. (State Railway)	6,000.00	97	5,820.00	79	4,740.00	95	5,700.00
4½% Amsterdam (city of Amsterdam)	6,000.00	102	6,120.00	85	5,100.00	99	5,940.00
4½% Zuid Holland (Province of South Holland) ..	6,000.00	102	6,120.00	89	5,340.00	101	6,060.00
4½% Algemeen Friesche Hypotheek Bank (Mortgage Bank)	6,000.00	99	5,940.00	90	5,400.00	99	5,940.00
	31,000.00		30,300.00		25,830.00		29,800.00

TABLE No. 19

BONDS

HOLLAND

<i>Name</i>	JULY 1, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
3½% Nederland (National Debt)	Glds. 245	% 3.8	Glds. 245	% 4.6	Glds. 245	% 3.9
4% Hollandsche Spoor (State Railway) .	240	4.1	240	5.0	240	4.2
4½% Amsterdam (city of Amsterdam) .	270	4.4	270	5.3	270	4.5
4½% Zuid Holland (Province of South Holland)	270	4.4	270	5.0	270	4.4
4½% Algemeen Friesche Hypotheek Bank (Mortgage Bank)	270	4.5	270	5.0	270	4.5
		4.2		5.0		4.3

TABLE No. 20

HOLLAND

Stocks

Name	No. of Shares	July 1, 1914		Oct. 14, 1924		Apr. 2, 1928		May 2, 1929	
		Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
		%	Glds.	%	Glds.	%	Glds.	%	
van Berkels' Patent ("slicing" machine works)	2,000	157	3,140.00	74	947.00 ^a	225	2,880.00 ^a	269	3,443.20
Calve Delft (oil and vegetable tallow)	3,000	95	2,850.00	106	3,180.00	83	2,490.00	160	4,800.00
Fyenoord (dock yard)	3,000	120	3,600.00	120	3,600.00	176	5,280.00	151	4,530.00
Nederlandsch Indische Gas Maatschappij (Public Utility Company)	2,000	210	4,200.00	150	3,000.00	277	5,540.00	258	5,160.00
Werkspoor (Engineers) ²	3,000	110	3,300.00	87	2,610.00	108	3,240.00	105½	3,165.00
Nederlandsche Gist en Spiritusfabriek. (Yeast and spirit)	2,000	300	6,000.00	335	6,700.00	447	8,940.00	405	8,100.00
Phillips (Incandescent lamps)	2,000	139	2,780.00	372	7,440.00	627	12,540.00	707½	17,390.00
Rotterdamsche Droogdok Mij. (dock yard) ..	2,000	181	3,620.00	172	3,440.00	195	3,900.00	262½	5,250.00
Scholten's Aardappelmeeľfabrieken (potato meal mill)	2,000	130	2,600.00	95	1,900.00	74	1,480.00	66	1,320.00
	21,000		32,090.00		32,817.00		46,290.00		53,158.20
								Converted @ 402 per Gld. = \$21,369.60	

¹ Ex-rights basis one new share for each two old @ 250%—Appr. 325% value rights.² Nederlandsche Fabriek van Werktuigen en Spoorwegmaterieel.³ Nominal amount reduced from F. 1,000 per share to F. 640 per share.

TABLE No. 20

HOLLAND

STOCKS

<i>Name</i>	JULY 1, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
van Berkels' Patent ("slicing" machine works)	Glds.	%	Glds.	%	Glds.	%	Glds.
" " " " " "	240.00	7.6	128.00 ^a	13.5	153.00	5.3	"
Calve Delft (oil and vegetable tallow)	180.00	6.3	150.00	4.7	150.00	6.0	"
Ryenoorde (dock yard)	240.00	6.6	300.00	8.3	300.00	5.6	"
Nederlandsch Indische Gas Maatschappij (Public Utility Com- pany)	260.00	6.1	240.00	8.0	240.00	4.3	"
Werkspoor (Engineers)	210.00	6.3	165.00	6.3	180.00	5.5	"
Nederlandse Gist en Spiritusfabriek. (Yeast and spirit)	660.00	11.0	700.00	10.4	480.00	5.3	"
Philips (Incandescent lamps)	220.00	7.9	220.00	2.9	320.00	2.5	"
Rotterdamse Droogdok Mij (dock yard)	260.00	7.1	140.00	4.0	200.00	5.1	"
Scholton's Aardappelmeelfabrieken (potato meal mill)	240.00	9.2	400.00	21.0	60.00	4.0	"
TOTALS.....	2,510.00	7.8	2,443.00	7.5	2,083.00	4.5	2,477.50 ¹

¹The following rights and bonus shares have been received on Van Berkel and Phillips shares in the course of the years 7/1/14 to 4/2/28:

<i>Phillips</i>	<i>Van Berkel</i>
F, 320	F, 30.00
410	20.00
550	3.00
1,050	7.50
	5.00
	32.00
	10.00
	40.00
F, 2,330	F, 147.50

² Nominal amount reduced from fl. 1,000 per share to fl. 640 per share.

HUNGARY

RECAPITULATION

	JAN. 2, 1914			OCT. 14, 1924			APR. 2, 1928		
	<i>Amount of Kronen</i>	<i>Conv. at per Kr.</i>	<i>Dollar Amount</i>	<i>Amount of Kronen</i>	<i>Conv. at per mill.</i>	<i>Dollar Amount</i>	<i>Amount of Pengos</i>	<i>Conv. at per Pengo</i>	<i>Dollar Amount</i>
Total Bonds . .	62,184			41,152,868			120,859,375		
Total Stocks . .	61,856			82,742,500			209,759,640		
	124,040	20.15½	\$25,000.00	123,895,368	\$13⅞ per mill.	\$1,626.00	Kr. 330,619,015 or Pen. 9,688.75	17.48	\$ 4,623.38
							Value of rights sold		\$10,433.34
									<u>\$15,056.72</u>

TABLE No. 21

BONDS

HUNGARY

<i>Name</i>	JAN. 2, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
		Kr.	Kr.	Kr.	Kr.	Kr.	Kr.
Hungarian Kronenrente 4%.	187	83.15	15,549	29,058.82	5,433,999	29,125	5,446,375
Kingdom of Hung. 4% 1910.	188	82.70	15,547	101,705.88	19,120,705	324,250	60,959,000
Kingdom of Hung. 4½% 1913	172	90.35	15,540	90,082.35	15,494,164	313,250	53,879,000
Hung. Land Mortgage Inst. 4%	184	84.50	15,548	6,000.00	1,104,000	3,125	575,000
			62,184		41,152,868		120,859,375

TABLE No. 21

BONDS

HUNGARY

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
Hungarian Kronenrente 4%.....	Kr. 748	% 4.81	Kr. 748	% 0	Kr. 748	% 0
Kingdom of Hung. 4% 1910.....	752	4.83	752	0	752	0
Kingdom of Hung. 4½% 1913.....	774	4.98	774	0	774	0
Hung. Land Mortgage Inst. 4%.....	736	4.73	736	0	736	0
	3,010	4.84	3,010	—	3,010	—

TABLE No. 22

STOCKS

HUNGARY

Name	No. of Shares	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		MAR. 12, 1929	
		Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
		Kr.	Kr.	Kr.	Kr.	Kr.	Kr.	Pengo	Pengo
Hungarian General Colliery Co., Ltd.	8	1,008	8,064	2,800,000	22,400,000	10,325,000	82,600,000	814.00	6,512.00
Ganz & Co.	3	2,995	8,985	2,000,000	6,000,000	2,118,750	6,356,250	132.00	396.00
Coal Mines of Salgo-Tarjan	13	737	9,581	697,500	9,067,500	1,203,750	15,648,750	61.00	1,189.50 ¹
United Cement Factory of Beocsin Co., Ltd.	11	788	8,668	820,000	9,020,000	3,112,500	34,237,500	260.00	2,860.00
Hungarian Sugar Industry.. Rimamurany Salgo-Tarjan	4	2,640	10,560	4,350,000	17,400,000	4,875,000	19,500,000	139.00	556.00
Iron Works Co., Ltd.	11	641	7,051	125,000	1,375,000	257,240	2,829,640	96.40	1,060.40
Urikany - Zsil Valley Hungarian Colliery Co., Ltd. .	23	389	8,947	760,000	17,480,000	2,112,500	48,587,500	150.60	3,463.80
			61,856		82,742,500		209,759,640		16,037.70
									Converted @ 17.45 per Pen. = \$2,798.58

¹ Increased to 19½ shares.

TABLE No. 22

HUNGARY

STOCKS

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
	Kr.	%	Kr.	%	Kr.	%	
Hungarian General Colliery Co., Ltd.	336	4.16	200,000	0.08	3,000,000	3.63	\$ 109.22
Ganz & Co.	450	5.00	120,000	2.00	225,000	3.53	6,215.25 ²
Coal Mines of Salgo-Tarjan	494	5.15	117,000	1.29	853,125	5.45	418.34
United Cement Factory of Beocsin Co., Ltd.	495	5.71	66,000	0.073	1,375,000	4.01	257.95
Hungarian Sugar Industry Rimanurany Salgo-Tarjan	480	4.54	400,000	2.30	1,000,000	5.12	2,492.52
Iron Works Co., Ltd. ...	110	1.56	33,000	0.024	165,000	5.83	53.06
Urikany-Zsil Valley Hungarian Colliery Co., Ltd.	460	5.14	575,000	3.28	2,875,000	5.91	897.00
	2,825	4.56	1,511,000	1.82	9,493,125	4.52	\$10,443.34 ¹

¹ See page 193.

² "The Stock Exchange fluctuations of this stock in 1923 were sensational. The highest price quoted during that year was Crowns 47,000,000, the lowest price, Crowns 995,000, and the last price, Crowns 4,325,000. The exchange rate of the Hungarian Pengo in 1923 fluctuated between \$392 in January and \$52 in December for Crowns 1,000,000. In October, 1923, when the most important increase in capital of this company took place, the average price quoted was \$55 per 1,000,000 Crowns. Whether or not the holder of Ganz shares would have succeeded in obtaining the maximum price for his rights, as has been assumed here, is, of course, problematic."

ITALY

RECAPITULATION

	JAN. 2, 1914			OCT. 14, 1924			APR. 2, 1928		
	<i>Amount of Lire</i>	<i>Conv. at per Lire</i>	<i>Dollar Amount</i>	<i>Amount of Lire</i>	<i>Conv. at per Lire</i>	<i>Dollar Amount</i>	<i>Amount of Lire</i>	<i>Conv. at per Lire</i>	<i>Dollar Amount</i>
Total Bonds	64,870			50,000			47,125		
Total Stocks	67,125			114,825			96,925		
	131,995	19.121	\$25,239	164,825	4.37	\$7,203	144,050	5.28 ¹ / ₄	\$ 7,609
								Value of rights sold	5,871
									<u>\$13,480</u>

TABLE No. 23

BONDS

ITALY

<i>Name</i>	JAN. 2, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
Prestito Milano, 4% Bonds..	Lire 65,000	Lire 99.80	Lire 64,870	% 76.90	Lire 50,000	Lire 72.50	Lire 47,125
	65,000		64,870		50,000		47,125

TABLE No. 23

ITALY

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
Prestito Milano, 4% Bonds	Lire 2,600	% 4.008	Lire 2,210 ¹	% 4.41	Lire 2,600	% 5.51
	2,600	4.008	2,210	4.41	2,600	5.51

¹ Note:—Interest paid at 3.40% instead 4%.

TABLE No. 24

STOCKS

ITALY

Name	No. of Shares	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		MAR. 30, 1929	
		Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
Banca Commerciale Italiana ¹	50	Lire 826	Lire 41,300	Lire 1,521	Lire 76,050	Lire 1,245	Lire 62,250	Lire 1,372	Lire 68,600
Soc. Generale Italiana "Edison" di Elettri- cita ²	25	553	13,825	735	18,375	700	17,500	895	22,375
Soc. Lombarda per Dis- tribuzione di Energia Elettrica "Vizzola" ³	15	800	12,000	1,360	20,400	1,145	17,175	962	14,430
			67,125		114,825		96,925		105,405
									Converted @ 5.23½ per Lire = \$5,517.95

¹ See page 204.² See page 204.³ See page 204.

TABLE No. 24

STOCKS

ITALY

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
203 Banca Commerciale Italiana ¹	Lire 2,250	%	Lire 2,550	%	Lire 3,250	%	\$3,802.00
Soc. Generale Italiana "Edison" di Elet- tricità ²	800		765		1,125		1,277.00
Soc. Lombarda per Distribuzione di Ener- gia Elettrica "Vizzola" ³	750		765		1,050		792.00
	3,800	5.66	4,080	3.55	5,425	5.59	\$5,871.00

¹ See page 204.² See page 204.³ See page 204.

Fourteen Years of European Investments

¹ CAPITAL INCREASES OF THE BANCA COMMERCIALE
ITALIANA—MILANO

August, 1914, from 130,000,000 to 156,000,000. Value of subscription rights, Lit. None.

12-22/8 1918: from 156,000,000 to 208,000,000. Value of subscription rights, Lit. 110.

2-16/6 1919: from 208,000,000 to 260,000,000. Value of subscription rights, Lit. 95.

2-16/6 1920: from 260,000,000 to 312,000,000. Value of subscription rights, Lit. 30.

16-31/5 1921: from 312,000,000 to 400,000,000. Value of subscription rights, Lit. 85.

14-27/11 1924: from 400,000,000 to 500,000,000. Value of subscription rights, Lit. 110.

27/11 to 12/12 1925: from 500,000,000 to 700,000,000. Value of subscription rights, Lit. 145.

² CAPITAL INCREASES OF THE SOCIETA GENERALE
ITALIANA "EDISON" DI ELETTRICITA

October, 1927, from Lit. 18,000,000 to 24,000,000. Value of subscription Lit. None.

27/9 1918: from 24,000,000 to 48,000,000—the doubling of the capital being made free, i.e., as a present to the shareholders.

9-14/12 1918: from 48,000,000 to 72,000,000. Value of subscription rights, Lit. 90.

2-8/1 1919: from 72,000,000 to 96,000,000. Value of subscription rights, Lit. 28.

19/12 1921: from 96,000,000 to 108,000,000; distribution free of 1 new share for every eight held.

19-28/12 1921: from 108,000,000 to 180,000,000. Value of subscription rights, Lit. 43.

2-4/10 1924: from 180,000,000 to 360,000,000. Value of subscription rights, Lit. 60.

16-20/11 1926: from 360,000,000 to 712,500,000. Value of subscription rights, Lit. None.

³ CAPITAL INCREASES OF THE SOCIETA LOMBARDA PER
DISTRIBUZIONE DI ENERGIA ELETTRICA "VIZZOLA"

15-29/4 1916: from 18,750,000 to 22,500,000. Value of subscription rights, Lit. None.

7-16/4 1919: from 22,500,000 to 32,500,000. Value of subscription rights, Lit. 90.

21-30/10 1920: from 32,500,000 to 52,000,000. Value of subscription rights, Lit. None.

20-28/7 1923: from 52,000,000 to 80,000,000. Value of subscription rights, Lit. 135.

28/7 to 8/8 1924: from 80,000,000 to 120,000,000. Value of subscription rights, Lit. 190.

12 to 17/7 1926: from 120,000,000 to 150,000,000. Value of subscription rights, Lit. None.

NORWAY

RECAPITULATION

	JAN., 1914			OCT., 1924			APR., 1928		
	<i>Amount of Kr.</i>	<i>Conv. at per Kr.</i>	<i>Dollar Amount</i>	<i>Amount of Kr.</i>	<i>Conv. at per Kr.</i>	<i>Dollar Amount</i>	<i>Amount</i>	<i>Conv. at per Kr.</i>	<i>Dollar Amount</i>
Total Bonds . .	48,975			50,200			41,750		
Total Stocks . .	44,240			75,875			56,175		
	93,215	26.81	\$24,991	126,075	14.27	\$17,991	97,925	26.71	\$26,156

TABLE No. 25

NORWAY

<i>Name</i>	JAN., 1914		OCT., 1924		APR. 1, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Market Value</i>
3% Norway State Loan 1886	Kr. 30,240	% 77.	Kr. 23,300	% 96	% 66	Kr. 19,950
3½% Hypothecary Loan 1902/9	30,240	84	25,400	70	72	21,800
Interest & brokerage....			275			
			48,975			41,750

TABLE No. 25

BONDS

NORWAY

<i>Name</i>	JAN., 1914		OCT., 1924		APR. 1, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
3% Norway State Loan 1886.....		% 3.896		% 3.947		% 4.545
3½% Hypothecary Loan 1902/9.....		4.167		5.000		4.861
		4.031		4.473		4.703

TABLE No. 26

STOCKS

NORWAY

Name	No. of Shares	JAN., 1914		No. of Shares	OCT., 1924		APR., 1928		APR. 25, 1929	
		Quota- tion	Cost		Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
		Kr.	Kr.		Kr.	Kr.	Kr.	Kr.	Kr.	Kr.
Norsk Hydro Elektrisk										
Kvaelfstoffabrik	50	210	10,500	50	300.00	15,000	300	15,000	485	24,250
Tofte Cellulosefabrik . .	5	1,510	7,550	10 ¹	1,475.00	14,750	1,150	11,500	1,300	13,000
Salomon Skofabrik . .	10	760	7,600	10 ²	1,700.00	17,000	1,200	12,000	925	9,250
Framnaes Mek. Verk- sted	20	675	13,500	40 ³	600.00	24,000	350	13,300	550	22,000
Schous Bryggeri	50	95	4,750	50	102.50	5,125	87½	4,375	89	4,450
	Stamp Duties & brok.		43,900			75,875		56,175		72,950
			340						Converted @ 26.67 per Kr. = \$19,455.76	
			44,240							

¹ In 1916 the nominal value of the shares was increased to Kr. 2,000 whereupon divided into shares of Kr. 1,000 nominal

² The nominal value of the shares increased to Kr. 1,000.

³ In 1915 the nominal value of the shares increased to Kr. 1,000; in 1918 one free share.

TABLE No. 26

Stocks

NORWAY

<i>Name</i>	JAN., 1914		OCT., 1924		APR., 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
	Kr.	%	Kr.	%	Kr.	%	
Norsk Hydro Elektrisk							
Kvaelfstoffabrik	540	6.00	810	9.00	599.40	6.66	
Tofte Cellulosefabrik	750	15.00	1,500	15.00	1,010.00	10.10	
Salomon Skofabrik	500	10.00	1,000	10.00	600.00	6.00	
Framnaes Mek. Verksted	1,200	12.00	800	4.00	1,332.00	6.66	
Schous Bryggeri	300	6.00	500	10.00	490.00	9.80	
	3,290	7.44	4,610	6.07	4,031.40	7.17	

SPAIN
RECAPITULATION

	JAN. 2, 1914			OCT. 14, 1924			APR. 2, 1928		
	<i>Amount of Ptas.</i>	<i>Conv. at per Pta.</i>	<i>Dollar Amount</i>	<i>Amount of Ptas.</i>	<i>Conv. at per Pta.</i>	<i>Dollar Amount</i>	<i>Amount of Ptas.</i>	<i>Conv. at per Pta.</i>	<i>Dollar Amount</i>
Total Bonds . .	62,440			55,840			62,320		
Total Stocks . .	63,070			78,400			91,450		
	125,510	18.228	\$22,877.96	134,240	13.45	\$18,055.28	153,770	16.82	\$25,864.11

TABLE No. 27 (EXHIBIT A)

BONDS

SPAIN

<i>Name</i>	JAN. 2, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
Permanent Interior Debt 4%	Ptas. 80,000	% 78.05	Ptas. 62,440	% 69.80	Ptas. 55,840	% 77.90	Ptas. 62,320
			62,440		55,840		62,320

TABLE No. 27 (EXHIBIT A)

BONDS

SPAIN

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
Permanent Interior Debt 4%.....		% 5.12		% 5.73		% 5.13
		5.12		5.73		5.13

TABLE No. 28 (EXHIBIT A)

STOCKS

SPAIN

<i>Name</i>	<i>No. of Shares</i>	JAN. 2, 1914		OCT. 14, 1924		<i>No. of Shares</i>	APR. 2, 1928		MAR. 30, 1929	
		<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>		<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
		%	Ptas.	%	Ptas.		%	Ptas.	%	Ptas.
Banco de Espana ¹	28	450.50	63,070	560	78,400	31 ²	590	91,450	589	91,250
(Ptas. 500 par)			63,070		78,400					91,250
									Converted @ 15.10 per Pta. = \$13,778.75	

¹ See page 215.² See page 215.

TABLE No. 28 (EXHIBIT A)

STOCKS

SPAIN

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>
Banco de Espana ³ (Ptas. 500 par)		%		%		%
				4.27 ¹		4.60 ²
				4.27		4.60

¹ Average yield 1914-24.² Average yield 1925-28.

³ The ordinary dividends and extraordinary dividends on 28 shares from July 1st, 1914, until July 1st, 1924, inclusive amounted to Ptas. 39,050.

The ordinary dividends on 31 shares from January 1st, 1925, until January 1st, 1928, inclusive, amounted to Ptas. 13,872.50.

Explanations regarding the extraordinary dividends distributed by the Banco de Espana: In 1918 the Banco de Espana distributed an extraordinary dividend of 100 pesetas par in 4% certificates of 500 pesetas each and scrip certificates of pesetas 100 each. Five 4% certificates of pesetas 500 each and three scrip certificates of pesetas 100 each would have been corresponding to 28 shares. In December, 1920, another extraordinary dividend was distributed by the bank amounting to pesetas 50 par. Two 6% certificates of pesetas 500 each and eight scrip certificates of pesetas 50 each would have corresponded to 28 shares. Since that time the above-mentioned 4% certificates have also been converted into 6% certificates.

In March, 1922, the Bank increased its capital and for each five certificates of 500 pesetas, three shares of the Bank were delivered. In this way the 28 shares were converted into 31 shares.

TABLE No. 29 (EXHIBIT B)

SPAIN

BONDS

<i>Name</i>	JAN. 15, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
Interior debt 4%.....		78.50		69.75		77.20	
Sinking debt 5%.....		99.70		96.25		96.30	
Sinking debt 4%.....		90.00		88.50		86.75	
Railways Nord Espagne Preferred Barcelona 3%		79.50		67.35		78.50	
Railways Nord Villalba a Segovia 4%.....		88.25		72.75		86.75	
Railways Nord Speciales Almansa Valencia y Tarragona 4%		88.00		75.25		87.00	
Railways Nord Huesca a France 4%		89.00		76.00		87.25	
Mines San Juan de las Abadesas 3%		75.25		65.85		76.75	
Railways Madrid Saragosse Alicante 5% Series A		102.25		91.25		101.75	
Railways Madrid Saragosse Alicante 4½% Series B		95.75		76.25		91.25	
Railways Madrid Saragosse Alicante 4% Series C		85.75		69.75		85.00	

TABLE No. 29 (EXHIBIT B)

BONDS

SPAIN

<i>Name</i>	JAN. 15, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
Interior debt 4%.....		% 4.07		% 4.58		% 4.14
Sinking debt 5%.....		4.01		4.15		4.15
Sinking debt 4%.....		3.55		3.61		3.68
Railways Nord Espagne Preferred Barcelona 3%		3.52		4.06		3.44
Railways Nord Villalba a Segovia 4%.....		4.27		5.04		4.17
Railways Nord Speciales Almansa Valencia y Tarragona 4%.....						
Railways Nord Huesca a France 4%.....		4.28		4.87		4.17
Railways et Mines San Juan de las Abadesas 3%		4.24		4.82		4.16
Railways Madrid Saragosse Alicante 5% Series A		3.67		4.36		3.68
Railways Madrid Saragosse Alicante 4 1/2% Series B		4.62		5.02		4.43
Railways Madrid Saragosse Alicante 4% Series C		4.46		5.42		4.44
		4.41		5.26		4.26

TABLE No. 30 (EXHIBIT B)

STOCKS

SPAIN

Name	No. of Shares	JAN. 15, 1914		OCT. 14, 1924		APR. 2, 1928	
		Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value
Railways Nord de l'Espagne.....		Ptas. 471.25		Ptas. 332.50		Ptas. 617.75	
Railways Madrid, Saragosse, Alicante.....		460.00		325.75		612.50	

Rate of exchange of the dollar at the Stock Ex-
change in Barcelona :

On Jan. 15, 1914, Ptas. 5.48

On Oct. 14, 1924, Ptas. 7.435

On Apr. 2, 1928, Ptas. 5.9575

TABLE No. 30 (EXHIBIT B)

STOCKS

SPAIN

<i>Name</i>	JAN. 15, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>
Railways Nord de l'Espagne.....		% 4.81		% 7.21		% 4.61
Railways Madrid, Saragosse, Alicante ..		5.21		6.75		4.65

SWEDEN

RECAPITULATION

	JAN. 2, 1914			OCT. 14, 1924			APR. 2, 1928		
	<i>Amount of Kr.</i>	<i>Conv. at Kr. per \$</i>	<i>Dollar Amount</i>	<i>Amount of Kr.</i>	<i>Conv. at Kr. per \$</i>	<i>Dollar Amount</i>	<i>Amount of Kr.</i>	<i>Conv. at Kr. per \$</i>	<i>Dollar Amount</i>
Total Bonds . .	46,823.96	3.76	12,453.18	44,656.39	3.76	11,946.18	45,840.00	3.76	12,376.62
Total Stocks . .	46,954.00	3.76	12,488.00	34,349.00			44,124.00		
				17,987.25	Value rights 3.75¾	13,928.48	17,987.25	Value rights 3.73½	16,629.52
	93,777.96		\$24,941.18	96,992.64		\$25,874.66	107,951.25		\$29,006.14

TABLE No. 31

BONDS

SWEDEN

<i>Name</i>	JAN. 2, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota-tion</i>	<i>Cost</i>	<i>Quota-tion</i>	<i>Market Value</i>	<i>Quota-tion</i>	<i>Market Value</i>
	Kr.	%	Kr.	%	Kr.	%	Kr.
Swedish Govern't 3.6% of 1887	8,000	84	6,720.00	72½	5,800.00	78	6,240
The City Mortgage Bank of the Kingdom of Sweden 5% of 1913	10,000	101	10,100.00	98½	9,850.00	100	10,000
City of Vasteras 4½% of 1910	10,000	97½	9,860.90 ¹	90	9,017.50 ¹	96	9,600
Stockholms Intecknings Garanti AB 5% of 1913	10,000	101	10,100.00	99	10,002.78 ¹	100	10,000
Stora Kopparbergs-Bergslags AB 5% of 1900	10,000	100	10,043.06 ¹	98	9,986.11 ¹	100	10,000
			46,823.96		44,656.39		45,840

¹ Calculated plus accrued interest up to the dates mentioned.

TABLE No. 31

BONDS

SWEDEN

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
Swedish Gov't 3.6% of 1887		%		%		%
The City Mtge Bank of the Kingdom of Sweden 5%, 1913						
City of Vasteras 4½%, 1910						
Stockholms Intecknings Garanti AB 5%, 1913		4.795		5.046		4.882
Stora Kopparbergs-Gergslags AB 5%, 1900						

TABLE No. 32

STOCKS

SWEDEN

Name	No. of Shares	JAN. 2, 1914		No. of Shares	OCT. 14, 1924		APR. 2, 1928		APR. 12, 1929	
		Quota- tion	Cost		Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
Tarfikaktb. Graenges- berg Oxeloesund . . .	11	Kr. 830	Kr. 9,130		Kr. 202	Kr. 2,222	Kr. 341	Kr. 3,751	Kr. 308	Kr. 3,388
Stora Kopparbergs Bergslags Aktiebolag.	2	5,000	10,000	60 ¹	113	6,780	146	8,760	160	9,600
Svenska Aktiebolaget Gasaccumulator . . .	13	690	8,970	13	29	377	75	975	87	1,131
Korsnaes Sagverks Aktbolag.	11	840	9,240	16 ²	700	11,200	980	15,680	990	15,840
Akt. Stockholms Bryg- gerier	38	253	9,614	54 ³	255	13,770	277	14,958	317	17,118
			46,954			34,349		44,124		47,077
										Converted @ 26.70 per Kr. = \$12,569.55

¹ Split up, including 20 bonus shares in 1917 and 20 in 1919.² Including 3 bonus shares in 1917 and 2 in 1921.³ Including 7 bonus shares in 1919 and 9 in 1922.

TABLE No. 32

STOCKS

SWEDEN

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends</i> Kr.
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
Trafikaktb. Graengesberg		%		%			2,321.00
Ozeloesund							7,426.25
Stora Kopparbergs Berg- slags Aktiebolag.							3,300.00
Avenska Aktiebolaget		3.9		6.1		5.4	4,820.00
Gasaccumulator							120.00
Korsnaes Sagverks Akt- bolag.							17,987.25
Akt. Stockholms Bryg- gerier							

SWITZERLAND
RECAPITULATION

	JAN. 2, 1914			OCT. 14, 1924			APR. 2, 1928		
	<i>Amount of Sw. Fr.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>	<i>Amount of Sw. Fr.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>	<i>Amount of Sw. Fr.</i>	<i>Conv. at</i>	<i>Dollar Amount</i>
Total Bonds	65,404.40			54,856.00			61,604.45		
Total Stocks	61,300.00			59,450.00			70,900.00		
	126,704.40	19.17 $\frac{3}{8}$ cents	\$24,293.98	114,306.10	19.18 cents	\$21,923.91	132,504.45		
							19,775.00	Value rights	
							152,279.45	19.27 cents	\$29,344.25

TABLE No. 33

BONDS

SWITZERLAND

Name	Nom- inal Amount	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
		Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value
	Fr.		Fr.		Fr.		Fr.
3½% Swiss Federal Rlys., Ser. A. K. . .	40,000	89.6	35,847.75 ¹	76.20	30,884.45 ¹	86.35	34,897.80 ¹
4% Swiss Federal Rlys. Rent, 1900 . . .	30,000	98.5	29,556.65 ¹	78.75	23,971.65 ¹	88.00	26,706.65 ¹
			65,404.40		54,856.00		61,604.45

¹ Plus interest.

TABLE No. 33

BONDS

SWITZERLAND

<i>Name</i>	JAN. 2, 1914		OCT. 10, 1924		APR. 2, 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
3½% Swiss Federal Rlys., Ser. A. K. ...		% 4		% 4¾		% 4.30
4% Swiss Federal Rlys. Rent, 1900						

TABLE No. 34

STOCKS

SWITZERLAND

Name	No. of Shares	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		APR. 24, 1929	
		Quota- tion	Cost	Quota- tion	Market Value	Quota- tion	Market Value	Quota- tion	Market Value
Soc. Industrielle Aluminium ..	10	2,780	Fcs. 22,800 ¹	2,670	Fcs. 26,700	3,480	Fcs. 34,800	3,475	Fcs. 34,750
Soc. Industrielle la Schappe ..	10	3,850	38,500	3,275	32,750	3,610	36,100	4,290	42,900
			61,300		59,450		70,900		77,650
								Converted @ 19.27 per Fcs. = \$14,963.15	

¹ Less Fcs. 500 unpaid.

TABLE No. 34

STOCKS

SWITZERLAND

<i>Name</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		<i>Value of Rights or Stock Dividends Sw. Fr.</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
		%		%		%	
Soc. Industrielle Alumi- num		4.4		4.5		7.18	11,775.00
Soc. Industrielle pour la Schappe		6.5		7.6		6.20	8,000.00
							19,775.00

CANADA RECAPITULATION

	JAN., 1914			OCT., 1924			APR., 1928		
	<i>Amount of Can. Dollars</i>	<i>Conv. @</i>	<i>U. S. Dollar Amount</i>	<i>Amount of Can. Dollars</i>	<i>Conv. @</i>	<i>U. S. Dollar Amount</i>	<i>Amount of Can. Dollars</i>	<i>Conv. @</i>	<i>U. S. Dollar Amount</i>
Total Bonds . . .	12,500.00			12,627.00			13,068.00		
Total Stocks . .	12,464.60			20,862.50			46,607.70		
	24,964.60	$\frac{1}{16}\%$ Disc.	\$24,949.00	33,489.50	$\frac{1}{32}\%$ Disc.	\$33,479.05	2,740.00	Rights or Stock Div.	
							62,415.70	$\frac{5}{64}\%$ Pr.	\$62,464.46

TABLE No. 35

BONDS

CANADA

<i>Name</i>	JAN., 1914			OCT., 1924		APR., 1928	
	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
6% 1st Mortgage Bonds, Canada Ce- ment Co., due 1929	\$2,600.00	\$ 96.00	\$ 2,500.00	\$102.50	\$ 2,665.00	\$110.00	\$ 2,860.00
6% 1st Mortgage Bonds, Canadian Car & Foundry Co.	2,400.00	104.00	2,500.00	101.00	2,424.00	106.00	2,544.00
6% 1st Mortgage Bonds, Steel Co. of Canada	2,800.00	91.00	2,500.00	103.00	2,884.00	107.00	2,996.00
4% Perpetual Debentures, C.P.R. ...	2,600.00	97.00	2,500.00	83.00	2,158.00	84.00	2,184.00
6% 1st Mortgage, Ogilvie Flour Mills	2,400.00	104.00	2,500.00	104.00	2,496.00	103.50	2,484.00
			\$12,500.00		\$12,627.00		\$13,068.00

TABLE No. 35

BONDS

CANADA

<i>Name</i>	JAN., 1914		OCT., 1924		APR., 1928	
	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>	<i>Interest</i>	<i>Yield</i>
6% 1st Mortgage Bonds, Canada Cement Co., due 1929		%		%		%
6% 1st Mortgage Bonds, Canadian Car & Foundry Co.		6.25		5.85		5.45
6% 1st Mortgage Bonds, Steel Co. of Canada		5.76		5.94		5.66
4% Perpetual Debentures C. P. R.		6.60		5.82		5.61
6% 1st Mortgage, Ogilvie Flour Mills. .		4.12		4.81		4.76
		5.76		5.76		5.80
Average.....		5.73		5.67		5.48

TABLE No. 36

STOCKS

CANADA

<i>Name</i>	<i>No. of Shares</i>	JAN., 1914		OCT., 1924		APR., 1928	
		<i>Quota- tion</i>	<i>Cost</i>	<i>Quota- tion</i>	<i>Market Value</i>	<i>Quota- tion</i>	<i>Market Value</i>
Shawinigan	10	\$135.00	\$ 1,350.00	\$133.00	\$ 1,333.00	\$360.00	\$ 3,600.00
Canadian Car & Foundry	60	20.16	1,209.60	14.52	871.20	17.74	1,064.40
C. P. R.	10	213.00	2,130.00	148.50	1,485.00	212.00	2,120.00
Dominion Textile	10	81.50	815.00	189.00	1,890.00	384.00	3,840.00
Canada Cement	10	30.00	300.00	85.00	850.00	250.00	2,500.00
Canadian General Electric	10	108.00	1,080.00	104.00	1,040.00	203.00	2,030.00
Laurentide Co.	10	168.00	1,680.00	243.00	2,430.00	438.00	4,380.00
Steel of Canada	30	18.00	540.00	78.00	2,240.00	216.00	6,480.00
Ogilvie Flour	10	119.00	1,190.00	320.00	3,200.00	1,194.00	11,940.00
Montreal L. H. & P. Cons.	10	217.00	2,170.00	552.33	5,523.30	865.33	8,653.30
			\$12,464.60		\$20,862.50		46,607.70
					Rights or Stock Div.		2,740.00
							\$49,347.70

TABLE No. 36

STOCKS

CANADA

<i>Name</i>	JAN., 1914		OCT., 1924		APR., 1928		<i>Value of Rights or Stock Dividends</i>
	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	<i>Divi- dends</i>	<i>Yield</i>	
Shawinigan		%		%			\$1,000.00
Canadian Car & Foundry							40.00
C. P. R.							
Dominion Textile							
Canada Cement							
Canadian General Electric		5.58		5.36		2.47	200.00
Laurentide Co.							
Steel of Canada							
Ogilvie Flour							
Montreal L. H. & P.							1,500.00
Cons.							\$2,740.00

STOCKS—(Continued)

CANADA

Name	No. of Shares	MAY 14, 1929	
		Quotation	Market Value Can. Dol.
Shawinigan	40 ²	76	\$ 3,040.00
Can. Car & Foundry	19	144	2,736.00
Can. Pac. Ry.	10	235	2,350.00
Dominion Textile	30	104	3,120.00
Canada Cement	10	28	280.00
Can. Gen. Elec.	20	220	2,500.00 ³
Laurentide Co.			4,400.00
Canada Power & Paper ¹	30	31	930.00
Steel of Canada	120	57	6,840.00
Ogilvie Flour	30	590	17,700.00
Montreal L. H. & P. Cons.	88	106	9,328.00
Value of rights or Stock Div.			53,224.00
			3,640.00
			\$56,864.00

¹ Share of this stock received for each share of Laurentide Co., and \$100. paid to holder of each new share.

² Taking into account stock bonuses.

³ Cash settlement @ \$250 per share, Nov. 1927.

UNITED STATES OF AMERICA
RECAPITULATION

	JAN. 2, 1914	OCT. 14, 1924	APR. 2, 1928
Total Bonds	\$12,560.00	\$12,570.00	\$13,792.00
Total Preferred Stocks	3,947.00	3,697.00	4,435.00
Total Common Stocks	8,510.00	12,662.00	24,274.00
	\$25,017.00	\$28,929.00	\$42,501.00

TABLE No. 37

UNITED STATES OF AMERICA

BONDS

<i>Name</i>	JAN. 2, 1914			OCT. 14, 1924		APR. 2, 1928	
	<i>Nominal Amount</i>	<i>Quota-tion</i>	<i>Cost</i>	<i>Quota-tion</i>	<i>Market Value</i>	<i>Quota-tion</i>	<i>Market Value</i>
	\$		\$		\$		\$
Atchison Topeka & Santa Fe 1st & Gen. 4s 1995.....	2,000.00	71	1,420.00	89	1,780.00	97 $\frac{3}{8}$	1,947.00
Chesapeake & Ohio, Gen. 4 $\frac{1}{2}$ s 1992...	2,000.00	93 $\frac{3}{4}$	1,875.00	89	1,780.00	103 $\frac{3}{8}$	2,068.00
Chicago, Rock Is. & Pacific Gen. Gold 4s 1988	2,000.00	84 $\frac{1}{2}$	1,690.00	84	1,680.00	94 $\frac{3}{8}$	1,887.00
Great Northern 1st & Ref. "A" 4 $\frac{1}{4}$ s 1961	2,000.00	100 $\frac{1}{2}$	2,010.00	92	1,840.00	101 $\frac{5}{8}$	2,033.00
Northern Pacific Prior Lien Gold 4s 1997	2,000.00	92 $\frac{3}{4}$	1,855.00	85	1,700.00	95 $\frac{5}{8}$	1,912.00
Pennsylvania R.R. Cons. 4s 1948....	2,000.00	99	1,980.00	92	1,840.00	97 $\frac{1}{2}$	1,950.00
So. Pacific Conv. 4s 1929.....	2,000.00	86 $\frac{1}{2}$	1,730.00	97 $\frac{1}{2}$	1,950.00	99 $\frac{3}{4}$	1,995.00
			12,560.00		12,570.00		13,792.00
<i>Preferred Stocks</i>							
Amer. Locomotive 7% Cumulative....	10 shares	97	970.00	119	1,190.00	131	1,310.00
Atchison Topeka & Santa Fe 5% Non-Cum.	10 shares	99 $\frac{3}{4}$	997.00	92	920.00	108	1,080.00
Baltimore & Ohio 4% Non-Cum....	12 shares	80	960.00	58 $\frac{1}{4}$	699.00	83 $\frac{3}{4}$	1,005.00
Union Pacific 4% Non-Cum.....	12 shares	85	1,020.00	74	888.00	86 $\frac{5}{8}$	1,040.00
			3,947.00		3,697.00		4,435.00

UNITED STATES OF AMERICA

Name	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928	
	Interest	Yield	Interest	Yield	Interest	Yield
Atchison Topeka & Santa Fe 1st & Gen. 4s 1995.....	\$ 80.00	% 5.6	\$ 80.00	% 4.5	\$ 80.00	% 4.1
Chesapeake & Ohio Gen. 4½s 1992.....	90.00	4.8	90.00	5.0	90.00	4.3
Chicago, Rock Is. & Pacific Gen. Gold 4s 1988.....	80.00	4.7	80.00	4.8	80.00	4.2
Great Northern 1st & Ref. "A" 4¼s 1961.....	85.00	4.2	85.00	4.6	85.00	4.1
Northern Pacific Prior Lien Gold 4s 1997.....	80.00	4.3	80.00	4.7	80.00	4.2
Pennsylvania R.R. Cons. 4s 1948.....	80.00	4.0	80.00	4.4	80.00	4.1
So. Pacific Conv. 4s 1929.....	80.00	4.6	80.00	4.1	80.00	4.0
	575.00	4.6	575.00	4.6	575.00	4.2
<i>Preferred Stocks</i>						
Amer. Locomotive 7% Cumulative.....	Divi-		Divi-		Divi-	
Archison Topeka & S. Fe 5% Non-Cum.....	dends	7.2	dends	6.0	dends	5.3
Baltimore & Ohio 4% Non-Cum.....	70.00	5.0	70.00	5.4	70.00	4.6
Union Pacific 4% Non-Cum.....	50.00	5.0	50.00	7.0	50.00	4.7
	48.00	4.7	48.00	5.4	48.00	4.6
	48.00		48.00		48.00	
	216.00	5.4	216.00	5.9	216.00	4.9

TABLE No. 38

UNITED STATES OF AMERICA

STOCKS

Name	No. of Shares	JAN. 2, 1914		No. of Shares	OCT. 14, 1924		No. of Shares	APR. 2, 1928		MAY 9, 1929	
		Quota- tion	Cost		Quota- tion	Market Value		Quota- tion	Market Value	Quota- tion	Market Value
Gen. Electric Co. . .	12	140	\$ 1,680	14.60	240	\$ 3,504	58.40	156	\$ 9,110	261	\$ 15,242.40
Gen. Elec. Special.				21.76	11	239	34.90	11 1/4	392	11 1/8	388.26
Elec. Bond and Share Sec. Co. . .							14.60	91 1/2	1,336	94 1/2	1,379.70
United States Rub- ber Co.	25	58	1,450	28.12	32	900	28.12	51 1/4	1,441	56 1/2	1,588.78
American Smelting and Refining . .	25	63 3/4	1,594	25	75	1,875	25	187 3/4	4,694	104 7/8 ¹	7,865.63
American Tobacco Co., Common	6	246	1,476	12	162	1,944	12	167 1/2	2,010	171	2,052.00
"B"				17.10	162	2,770	17.10	167 1/2	2,864	171	2,924.10
Peoples Gas, Light and Coke Co.,	10	121 1/2	1,215	10	102	1,020	10	171 3/4	1,717	263	2,630.00
Chicago											
American Sugar Re- fining Co.	10	109 1/2	1,095	10	41	410	10	71	710	84 3/4	847.50
			8,510			12,662			24,274		34,918.37

¹ Three new for one old.

TABLE No. 38

STOCKS

UNITED STATES OF AMERICA

<i>Name</i>	Nov. 14, 1929	
	<i>Quota- tion</i>	<i>Market Value</i>
Gen. Electric Co.	189	\$11,037.60
Gen. Elec. Special	11	383.90
Elec. Bond and Share Sec. Co.	64	934.40
United States Rubber Co.	22½	632.70
American Smelting and Refining	69½	1,737.50
American Tobacco Co., Common	180	2,160.00
American Tobacco Co., Common "B"	181	3,095.10
Peoples Gas, Light and Coke Co., Chicago ..	200	2,000.00
American Sugar Refining Co.	59	590.00
		\$22,571.20

TABLE No. 38

STOCKS

UNITED STATES OF AMERICA

<i>Name</i>	ANNUAL AVERAGE, 1914-1928	
	<i>Dividends and Rights</i>	<i>Yield</i>
	\$	%
General Electric Co.		
Gen. Elec. Special	146	8.7
Elec. Bond and Share Sec. Co.		
United States Rubber Co.	66	4.5
Amer. Smelting and Refining	113	7.1
American Tobacco Co., Common "B"	145	9.9
Peoples Gas, Light and Coke Co., Chicago ..	57	4.7
American Sugar Refining Co.	51	4.7
	578	6.8

TABLE No. 39

VALUE IN U. S. DOLLARS OF \$25,000

INVESTED HALF IN FOREIGN BONDS AND HALF IN FOREIGN STOCKS ON JANUARY 2, 1914

(WITHOUT CONSIDERING ANNUAL INTEREST OR DIVIDENDS ACCRUED)

Country	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		
	Cost of Securities Bought	Value at Current Market	Apprecia- tion of Principal	Deprecia- tion of Principal	Value at Current Market	Apprecia- tion of Principal	Deprecia- tion of Principal
Austria	\$ 24,920.32	\$ 1,816.76	%	%	\$ 4,948.74	%	%
Belgium	24,962.49	8,933.34 ¹		93.10	11,444.66 ²		80.20
Denmark	24,951.51	15,739.00		64.10	25,185.85	0.90	54.10
England	25,000.00	25,972.00	3.88	36.90	50,357.00	101.50	
France	25,000.00	5,863.85		76.54	7,553.20		69.78
Germany	23,963.94	3,891.13		83.80	12,235.08		49.00
Holland	24,995.00	22,992.55		8.00	31,611.63	26.44	
Hungary	25,000.00	12,059.34		51.76	15,056.72		39.77
Italy	25,239.00	9,874.00		60.88	10,809.00		57.17
Norway	24,991.00	17,991.00		28.01	26,156.00	4.66	
Spain	22,877.96	18,055.28		21.08	25,864.11	13.05	
Sweden	24,941.18	25,874.66	3.70		29,006.14	16.30	
Switzerland	24,293.98	21,923.91		9.80	29,344.25	20.20	
Canada	24,949.00	33,479.05	34.19		62,464.46	150.37	
United States of America..	25,017.00	28,929.00	15.64		42,501.00 ³	69.89	
Total for all countries.	\$371,102.38	\$253,414.87		31.71	\$384,537.84	3.62	
Total for all countries, with the exception of United States of Amer- ica and Canada.....	\$321,136.38	\$191,006.82		40.52	\$279,572.38		12.94

¹ Figures of December 30, 1924.² Figures of July 31, 1928.³ Refers to market value on December 31, 1928.

TABLE No. 40

VALUE OF DIVERSIFIED STOCKS BOUGHT IN FIFTEEN COUNTRIES, AS REGISTERED BY THE LATEST OFFICIAL QUOTATIONS OBTAINED DURING THE FIRST HALF OF 1929

STOCKS

	<i>Amount Originally Invested in Jan., 1914</i>	<i>Market Value First Half 1929</i>	<i>Percentage of Increase</i>	<i>Percentage of Decrease</i>
Austria	\$ 12,302.88	\$ 3,212.36		73.88
Belgium	12,500.99	10,890.60		12.88
Denmark	11,827.60	10,055.05		14.99
England	12,500.00	75,106.19	500.84	
France	12,694.43	7,507.20		56.62
Germany	11,864.77	10,761.93		9.29
Holland	12,856.06	21,369.60	66.14	
Hungary	12,467.00	2,798.58		77.55
Italy	12,834.97	5,517.95		57.00
Norway	11,860.75	19,455.76	64.03	
Spain	11,496.40	13,778.75	19.85	
Sweden	12,488.00	12,569.55	0.65	
Switzerland	11,753.51	14,963.15	27.08	
Total 13 Countries	159,447.36	207,986.67	30.44	
Canada	12,464.60	56,864.00	356.23	
United States	12,457.00	34,918.37	180.30	
	24,921.60	91,782.37	268.29	
Grand Total 15 Countries	\$184,368.96	\$299,769.04	62.59	

TABLE No. 41

INVESTMENT IN DIVERSIFIED BONDS OF FIFTEEN DIFFERENT COUNTRIES

<i>Country</i>	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		
			<i>Percent- age of Increase</i>	<i>Percent- age of Decrease</i>		<i>Percent- age of Increase</i>	<i>Percent- age of Decrease</i>
Austria	\$ 12,617.44	\$ 523.85		95.95	\$ 2,176.66		82.75
Belgium	12,461.50	2,907.29		76.67	2,229.09		82.11
Denmark	13,123.91	7,244.32		44.80	12,307.93		6.21
England	12,500.00	9,847.00		21.22	10,541.00		15.67
France	12,307.76	1,883.66		84.70	1,772.45		85.60
Germany	11,841.08	3,596.78		69.63	920.92		92.23
Holland	12,138.94	10,126.65		16.58	11,990.03		1.22
Hungary	12,533.00	540.00		95.69	1,690.10		86.52
Italy	12,403.79	2,187.19		82.37	2,790.48		77.51
Norway	13,130.20	7,163.54		45.45	11,151.43		15.07
Spain	11,381.56	7,510.48		34.01	10,482.22		7.90
Sweden	12,453.18	11,946.18		4.07	12,376.62		0.61
Switzerland	12,540.48	10,521.40		16.10	11,871.18		5.33
	12,500.00	12,627.00	1.01		13,068.00	4.54	
Canada							
United States of America	12,560.00	12,570.00			13,792.00	9.80	
Total	\$186,492.84	\$101,195.34		45.74	\$119,160.11		36.10

TABLE No. 42

INVESTMENT IN DIVERSIFIED STOCKS OF FIFTEEN DIFFERENT COUNTRIES

Country	JAN. 2, 1914		OCT. 14, 1924		APR. 2, 1928		
			Percent- age of Increase	Percent- age of Decrease		Percent- age of Increase	Percent- age of Decrease
Austria	\$ 12,302.88	\$ 1,292.91		89.50	\$ 2,772.08		77.46
Belgium	12,500.99	6,046.05		51.63	9,215.57		26.28
Denmark	11,827.60	8,494.68		28.18	12,877.92	8.88	
England	12,500.00	16,125.00	29.00		39,816.00	218.53	
France	12,694.43	3,980.19		68.65	7,553.20		40.50
Germany	11,864.77	3,558.10		70.01	11,314.16		4.64
Holland	12,856.06	12,865.90	0.07		18,624.78	44.87	
Hungary	12,467.00	11,519.34		7.60	13,366.62	7.21	
Italy	12,834.97	7,778.85		39.40	8,320.06		35.17
Norway	11,860.75	10,827.79		8.71	15,004.34	26.51	
Spain	11,496.40	10,544.80		8.28	15,381.89	33.79	
Sweden	12,488.00	13,928.48	11.53		16,629.52	33.16	
Switzerland	11,753.51	11,402.25		2.98	17,473.65	48.67	
Canada	12,464.60	20,862.50	67.37		49,347.70	295.90	
United States of America	12,457.00	16,359.00	31.32		28,709.00	130.46	
Total	\$184,368.96	\$155,585.84		15.61	\$266,406.49	44.50	

TABLE No. 43

TOTAL RESULTS OF STOCK AND BOND INVESTMENTS IN THIRTEEN EUROPEAN COUNTRIES

STOCKS

	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Gain</i>
Total for All Countries <i>Except</i> Canada and the United States	\$159,447.36	\$118,364.34	25.76%	\$188,349.79	18.13%

BONDS

	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Loss</i>
Total for All Countries <i>Except</i> Canada and the United States	\$161,432.84	\$75,998.34	52.92%	\$92,300.11	42.82%

TABLE No. 44

RESULTS OF STOCK AND BOND INVESTMENTS IN "NEUTRAL" COUNTRIES

STOCKS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Gain</i>
Denmark	\$11,827	\$ 8,494		\$12,877	
Holland	12,856	12,865		18,624	
Norway	11,860	10,827		15,044	
Spain	11,496	10,544		15,381	
Sweden	12,488	13,928		16,629	
Switzerland	11,753	11,402		17,473	
	\$72,280	\$68,060	5.84%	\$96,028	32.86%

BONDS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Loss</i>
Denmark	\$13,123	\$ 7,244		\$12,307	
Holland	12,138	10,126		11,990	
Norway	13,130	7,163		11,151	
Spain	11,381	7,510		10,482	
Sweden	12,453	11,946		12,376	
Switzerland	12,540	10,521		11,871	
	\$74,765	\$54,510	27.09%	\$70,177	6.14%

TABLE No. 45

RESULTS OF STOCK AND BOND INVESTMENTS IN "ALLIED" COUNTRIES

STOCKS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Gain</i>
Belgium	\$12,500	\$ 6,046		\$ 9,215	
England	12,500	16,125		39,816	
France	12,694	3,980		7,553	
Italy	12,834	7,778		8,320	
	\$50,528	\$33,929	32.85%	\$64,904	28.45%

BONDS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Loss</i>
Belgium	\$12,461	\$ 2,907		\$ 2,229	
England	12,500	9,847		10,541	
France	12,307	1,883		1,772	
Italy	12,403	2,187		2,790	
	\$49,671	\$16,824	66.13%	\$17,332	65.11%

TABLE No. 46

RESULTS OF STOCK AND BOND INVESTMENTS IN "CENTRAL EUROPEAN" COUNTRIES

STOCKS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Loss</i>
Austria	\$12,302	\$ 1,292		\$ 2,772.08	
Germany	11,864	3,558		11,314.00	
Hungary	12,467	11,519		13,366.00	
	\$36,633	\$16,369	55.32%	\$27,452.08	25.06%

BONDS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Loss</i>	<i>Apr. 2, 1928</i>	<i>Loss</i>
Austria	\$12,617	\$ 523		\$2,176.00	
Germany	11,841	3,596		920.00	
Hungary	12,533	540		1,690.00	
	\$36,991	\$4,659	87.40%	\$4,786.00	87.06%

TABLE No. 47

RESULTS OF STOCK AND BOND INVESTMENTS IN CANADA AND THE UNITED STATES

STOCKS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Gain</i>	<i>Apr. 2, 1928</i>	<i>Gain</i>
Canada	\$12,464.60	\$20,862.50		\$49,347.70	
United States	12,457.00	16,359.00		28,709.00	
	\$24,921.60	\$37,221.50	49.35%	\$78,056.70	213.21%

BONDS

<i>Country</i>	<i>Jan. 2, 1914</i>	<i>Oct. 14, 1924</i>	<i>Gain</i>	<i>Apr. 2, 1928</i>	<i>Gain</i>
Canada	\$12,500.00	\$12,627.00		\$13,068.00	
United States	12,560.00	12,570.00		13,792.00	
	\$25,060.00	\$25,197.00	0.54%	\$26,860.00	7.18%

AVERAGE YIELD OF \$25,000 INVESTED IN EACH OF THE FOLLOWING COUNTRIES AT THE RESPECTIVE DATES, ONE-HALF IN BONDS AND ONE-HALF IN STOCKS

Country	JAN. 2, 1914			OCT. 14, 1924			APR. 2, 1928		
	Bonds	Stocks	Com- bined Average	Bonds	Stocks	Com- bined Average	Bonds	Stocks	Com- bined Average
Austria	% 4.71	% 3.74	% 4.225	% 0.0024	% 6.39	% 3.196	% 0	% 4.84	% 2.42
Belgium	5.27 ¹	5.26	5.265	5.48 ²	4.88	5.18	3.74 ³	3.66	3.70
Denmark	2.7	6.9	4.80	5.4	7.9	6.65	4.9	6.3	5.60
England	4.5	6.8	5.65	4.8	5.99	5.395	4.8	4.20	4.50
France	3.62	4.17	3.895	5.42	4.11	4.765	4.12	3.26	3.69
Germany	4.11	5.95	5.03	0	5.82	2.91	0	4.67	2.335
Holland	4.2	7.8	6.00	5	7.5	6.25	4.3	4.5	4.40
Hungary	4.84	4.56	4.70	0	1.82	0.91	0	4.52	2.26
Italy	4.00	5.66	4.83	4.41	3.55	3.98	5.51	5.59	5.55
Norway	4.031	7.44	5.735	4.473	6.07	5.27	4.73	7.17	5.950
Spain	5.12	5.82	5.47	5.73	4.27 ⁴	5.00	5.13	4.60 ⁵	4.865
Sweden	4.79	3.9	4.345	5.05	6.1	5.575	4.88	5.4	5.14
Switzerland	4	5.45	4.725	4.75	6.05	5.400	4.30	6.69	5.495
Average	4.30	5.65	4.97	3.89	5.42	4.65	3.57	5.03	4.30
United States of America	4.8 *	6.97	5.885	4.92 *	3.37	4.145	4.38 *	2.87	3.625
Canada	5.73	5.58	5.655	5.67	5.36	5.51	5.48	2.47	3.975
Average	5.275	6.275	5.77	5.295	4.365	4.827	4.93	2.67	3.80

AVERAGE FOR 15 COUNTRIES

	Bonds	Stocks	Com. Av.
Jan. 2, 1914	% 4.42	% 5.73	% 5.08
Oct. 14, 1924	4.07	5.28	4.68
Apr. 2, 1928	3.75	4.71	4.23

* Average of one-half invested in bonds (4.6%, 4.6%, 4.2%).

¹ Average of one-sixth invested in preferred stocks (5.4%, 5.9%, 4.9%).² July, 1914.³ Dec. 30, 1924.⁴ July 31, 1928.⁵ Based on average yield, 1914-1924.⁶ Based on average yield, 1925-1928.

TABLE No. 49

VALUE IN U. S. DOLLARS OF \$25,000

TRANSFERRED BY CABLE ON JANUARY 2, 1914, AND DEPOSITED IN FOREIGN BANKS (WITHOUT CONSIDERING INTEREST ACCRUED).

	JAN. 2, 1914	OCT. 14, 1924			APR. 2, 1928		
Country	Transferred in Dollars and Deposited Abroad	Value of Deposit at Current Ex- change Rate	Apprecia- tion of Principal	Deprecia- tion of Principal	Value of Deposit at Current Ex- change Rate	Apprecia- tion of Principal	Deprecia- tion of Principal
United States of America	\$ 25,000.00	\$ 25,000.00	%	%	\$ 25,000.00	%	%
Canada	25,000.00	25,007.81	0.03		25,035.17	0.14	100.00
Austria	25,000.00	Valueless		100.0	Valueless		85.40
Belgium	25,000.00	6,323.39		74.7	3,662.98		
Denmark	25,000.00	16,338.79		34.7	25,174.89	0.70	
England	25,000.00	23,102.44		7.6	25,107.99	0.43	
France	25,000.00	6,817.59		72.8	5,122.14		79.50
Germany	25,000.00	Valueless		100.0	Valueless		100.00
Holland	25,000.00	24,420.00		2.3	25,061.67	0.24	
Hungary	25,000.00	Valueless		100.0	Valueless		100.00
Italy	25,000.00	5,713.61		77.2	6,906.67		72.40
Norway	25,000.00	13,358.03		46.6	25,046.89	0.19	
Spain	25,000.00	18,446.89		26.2	23,068.90		7.80
Sweden	25,000.00	24,982.40		0.1	25,202.94	0.80	
Switzerland	25,000.00	25,008.15			25,125.50	0.50	
Total	\$375,000.00	\$214,519.10	42.8		\$239,515.74	36.12	
			Loss \$160,480.90			Loss \$135,484.26	

TABLE No. 50

VALUE OF \$25,000.00 CONVERTED INTO FOREIGN CURRENCY

Country	Rate of Exchange	On Jan. 2, 1914	Rate of Exchange	On Oct. 14, 1924	Rate of Exchange	On Apr. 2, 1928
Canada	$\frac{1}{16}\%$ Dis.	Can. Dollars.... 25,015.63	$\frac{1}{32}\%$ Dis.	Can. Dollars.... 25,007.81	$\frac{5}{64}\%$ Prem.	Can. Dollars..... 24,980.48
Austria	20.15½	Aust. Kronen..124,038.70	\$14½ per Mil.	Aust. Kronen... 1,777.8 Mil.	14.08½	Sch. ¹ .....177,493.79 (Old Aust. Kronen. 1,774.9 Mil.)
Belgium	19.07½	Belg. Francs....131,053.01	4.82½	Belg. Francs....518,134.72	2.792	Belg. Francs.....895,415.45
Denmark	26.62¾	Dan. Kroner... 93,901.12	17.40	Dan. Kroner....143,678.16	26.81	Dan. Kroner..... 93,248.79
England	4.8615	Sterling .....£5,142-8-11	4.49¼	Sterling .....£5,564-16-7	4.88¼	Sterling .....£5,120-6-7
France	19.21½	French Fcs.....130,106.68	5.24	French Fcs.....477,099.24	3.91¼½	French Fcs.....635,021.43
Germany	23.69¾	Marks .....105,513.06	23½ ² per Tril.	Marks .....104,712.2 Tril.	23.92	Reichsmark .....104,515.05
Holland	40.13¾	Guilders 62,287.83	39.20½	Guilders 63,767.38	40.23½	(Old paper Marks..104,515.0 Tril.)
Hungary	20.15½	Hung. Kronen.124,038.70	\$13½ per Mil.	Hung. Kronen.. 1,904.8 Mil.	17.48 ³	Guilders 62,134.96
Italy	19.12½	Lire .....130,744.59	4.37	Lire .....572,082.38	5.28¼	Pengos .....143,020.59
Norway	26.66	Nor. Kroner... 93,773.44	14.24½	Nor. Kroner....175,500.18	26.71	(Old Hung. Kronen. 1,787.7 Mil.)
Spain	18.22¾	Pesetas .....137,155.40	13.45	Pesetas .....185,873.61	16.82	Lire .....473,260.77
Sweden	26.637½	Swed. Kronor.. 93,848.24	26.62	Swed. Kronor... 93,914.35	26.85½	Nor. Kroner..... 93,597.90
Switzerland .	19.17¾	Sw. Fcs.....130,386.60	19.18	Sw. Fcs.....130,344.11	19.27	Pesetas .....148,632.58
						Swed. Kronor..... 93,092.53
						Sw. Fcs.....129,735.34

¹ 10,000 old Austrian Crowns = 1 new Austrian Schilling.² On October 11th, 1924, the German law of August 30th, 1924, creating the new gold Reichsmarks went into force (1 trillion papermarks = 1 goldmark).³ 12,500 old Hungarian Crowns = 1 Pengo.

TABLE No. 51

FOREIGN SECURITIES PUBLICLY OFFERED IN THE UNITED STATES
AND COMPARATIVE TABLE OF AVERAGE CALL MONEY RATES
1928-1929

<i>Date</i> 1928	<i>Average</i> <i>Rate %</i>	<i>Nominal</i> <i>Capital</i>	<i>Date</i> 1928	<i>Average</i> <i>Rate %</i>	<i>Nominal</i> <i>Capital</i>
Jan. 7	4.754	\$158,575,000	July 7	6.607	\$ 43,591,000
14	4.142		14	6.395	
21	3.845		21	5.534	
28	3.845		28	5.428	
Feb. 4	4.400	135,129,000	Aug. 4	6.501	
11	4.315		11	6.942	
18	4.355		18	6.460	
25	4.211		25	6.907	
Mar. 3	4.382	110,026,500	Sept. 1	7.391	108,949,380
10	4.262		8	7.604	
17	4.464		15	7.352	
24	4.464		22	7.572	
31	4.730		29	7.102	
Apr. 7	5.228	144,100,000	Oct. 6	7.452	65,121,200
14	5.314		13	6.345	
21	4.700		20	6.857	
28	4.913		27	6.957	
May 5	5.177	227,969,000	Nov. 3	7.552	102,526,500
12	5.548		10	6.538	
19	5.695		17	6.332	
26	6.000		24	6.500	
June 2	6.078	271,204,000	Dec. 1	8.259	58,597,600
9	6.027		8	9.795	
16	5.717		15	7.444	
23	6.151		22	7.355	
30	7.197		29	10.457	

TABLE No. 52

FOREIGN PRICE INDICES OF LISTED SHARES *

<i>Yearly Average</i>	<i>London Stock Exchange</i> ¹	<i>Paris Parquet</i> ²	<i>Berliner Borse</i> ³	<i>Amster- damsche Beurs</i> ⁴	<i>Wiener Borse</i> ⁵	<i>Borsa di Milano</i> ⁶
1925	115.32	200.17	91.98	97.50	1426.00	100.00
1926	119.45	230.00	116.30	102.00	1400.00	84.71
1927	126.20	281.00	171.10	111.00	1988.00	71.19
1928	131.30	402.00	161.30	116.00	2155.00	84.85
Result in % 1925-1928.	13.86 Inc.	100.82 Inc.	75.36 Inc.	18.97 Inc.	51.12 Inc.	17.85 Dec.
Jan. 1929	129.10	483.00	165.40	121.00	2149.00	88.29

* Source—"Report of President of the New York Stock Exchange, 1928-1929."

¹ Dane's index (in Investors' Chronicle) for all stocks listed on the London Stock Exchange, Dec. 31st, 1923 = 100. Prices as of the first of the month indicated.

² Statistique Generale Francaise index of 191 variable revenue securities listed on the Paris Parquet, 1913 = 100. Prices as of the first of the month indicated.

³ Stolper's Borsenindex of listed Berlin shares, as of the Wednesday nearest the first of the month indicated.

⁴ Centraal Bureau voor de Statistiek index for Amsterdam listed shares, 1921-1925 = 100. Mean price for the month indicated.

⁵ Oesterreichische Bundesamt fur Statistik index for shares listed on the Vienna Borse, Jan.-June, 1914 = 100. Prices as of the 15th of the month indicated.

⁶ Camera di Commercio index for 35 shares listed on the Borsa di Milano, Dec., 1925 = 100. Prices as of the first of the month indicated.

TABLE No. 53

<i>Yearly Average</i>	FOREIGN PRICE INDICES LISTED BONDS *		FOREIGN YIELD INDICES LISTED BONDS *	
	<i>London Stock Exchange</i> ¹	<i>Paris Parquet</i> ²	<i>Berliner Borse</i> ³	<i>Amsterdamsche Beurs</i> ⁴
1925	110.50	56.90	9.72	4.93
1926	110.00	56.60	7.99	4.65
1927	110.72	70.60	7.17	4.72
1928	112.33	82.20	7.66	4.64
Result in % 1925-1928.	1.65 Inc.	44.46 Inc.	21.19 Dec.	5.88 Dec.
Jan. 1929	113.40	84.10	7.73	4.62

* Source—"Report of President of the New York Stock Exchange, 1928-1929."

¹ Bankers' Magazine price index for 87 fixed revenue securities listed on the London Stock Exchange, Dec., 1921 = 100. Prices as of the mid-month.

² Statistique Generale Francaise price index for 54 fixed revenue securities listed on the Paris Parquet, 1913 = 100. Prices as of the first of each month indicated.

³ Stolper's index of yields on all fixed revenue securities listed on the Berliner Borse, as of the last Wednesday of each month indicated.

⁴ Centraal Bureau voor de Statistiek index of yields on fixed revenue securities listed on the Amsterdamsche Beurs. Mean quotations for the months indicated.

INDEX NUMBERS OF WHOLESALE PRICES IN CANADA, UNITED STATES AND SELECTED EUROPEAN COUNTRIES

SOURCE: DEPARTMENT OF TRADE AND COMMERCE, BUREAU OF STATISTICS; DOM. CANADA
 "PRICES AND PRICE INDEXES," MARCH, 1929

Country	Austria Federal Statist. Office	Belgium Ministry of Indus- try and Labor	Denmark		England Econo- mist	France		Germany		Holland Central Bureau of Statistics
			Finan- siste	Official		U. S. Federal Reserve Board	Statis- tique Generale	Federal Statist. Office	Frankfurter Zeitung	
No. of Commodities	47	130		33	58	70	45	400	100	48
Base	Jan.-July, 1914	July, 1914	1912-1914	1913	.....	1913	1901-1910	1913	July, 1914	1913
1913.....	100	100	100	100	100	100	100	100	100	100
1914.....			134 (Dec.)				102.0	106		109
1915.....			149 (Dec.)				129.8	142		146
1916.....			206 (Dec.)				188.2	152		226
1917.....			284 (Dec.)				261.6	179		276
1918.....			292 (Dec.)				339.6	217		376
1919.....			340 (Dec.)				356.2	415		304
1920.....			341 (Dec.)			512	509.4	1,486		292
1921.....		366	178 (Dec.)			344	345.0	1,911		182
1922.....	99	367	181 (Dec.)			319	326.6	34,182		160
1923.....	124	497	210 (Dec.)			394	418.9	16,620	140.1 (Dec.)	151
1924.....	136	573	234 (Dec.)		166.2	466	488.5	New Series 137.3	146.9 (Dec.)	156
1925.....	136	558	157 (Dec.)	176 (Dec.)	160.9	479	549.8	141.8	143.6 (Dec.)	155
1926.....	123	744	141 (Dec.)	158 (Dec.)	149.4	...	702.6	134.4	136.8 (Dec.)	145
1927.....	133	847	145 (Dec.)	154 (Dec.)	143.7	585	617.2	137.6	138.3 (Dec.)	148
1928.....	130	142	148 (Dec.)	153 (Dec.)	140.9	597	620.6	140.4	137.0 (Dec.)	149
Jan., 1929.....	128	867	First three months, then discontinued	151 (Dec.)	136.1	Discon- tinued	630.6	138.9	.....	146
Feb., 1929.....				159 (Dec.)	137.3		638.5	139.3	.....	146
Mar., 1929.....										

TABLE No. 54—Continued

Country	Hungary	Italy		Norway	Spain	Sweden	Switzer- land	United States	Canada
Source of Index ...	Official	Milan Chamber Com- merce	Bachs (Revised)	Okonov- nik Reve	Dir. Gen- eral of Statistics	Com- merce Dept.	Official	Bureau of Labor Statistics	Dom. Bu- reau of Statistics
No. of Commodities	.....	125	100	100	74	160	71	550	236
Base	1913	1913	1913	12/31/13 to 6/30/14	1913	1913	July, 1914	1926	1926
1913.....	100	100	100	100	100	100	100	69.8	64.0
1914.....				115	101			68.1	65.5
1915.....				159	119			69.5	70.4
1916.....				233	141			85.5	84.3
1917.....				341	166			117.5	114.3
1918.....				345	207			131.3	127.4
1919.....				322	204			138.6	133.9
1920.....				382	221	359		154.4	155.9
1921.....		517	531	298	190	222	191.2	97.6	110.0
1922.....		529	508	233	176	173	167.5	96.7	97.3
1923.....	122	536	512	232	172	163	180.6	100.6	98.0
1924.....	138	554	512	269	183	162	174.6	98.1	99.4
1925.....	140	646	596	251	188	161	161.6	103.5	102.9
1926.....	124	654	603	196	181	149	144.5	100.0	100.0
1927.....	132	527	495	160	173	146	142.2	95.4	97.7
1928.....	136	492	462	153	168	148	144.6	97.7	96.4
1929.....	134	496	461	149	...	144	142.5	97.2	94.5
Jan., 1929.....	...	...	463	150	...	145	....	96.7	95.7
Feb., 1929.....	...	...	...	...	...	...	....	...	96.1
Mar., 1929.....	...	...	...	...	...	...	....	...	...

(B) *COUNTRIES NOT CONSIDERED IN THE SURVEY*

TABLE No. 55

BONDS

BULGARIA

SOFIA, JUNE 4, 1929

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Market Value in Levas</i>	<i>Interest %</i>	<i>Yield %</i>
6% Rente Bulgare 1923 Empr. des Refugies	1,250,000,000	100	63	6	9½
6½% Empr. National 1921	196,210,900	100	72	6½	9.00
6% Empr. de Requisition 1914	67,123,600	100	71	6	8.45
6½% Enaux 1923	Fr. Fcs. 50,932,500	500 Frs.	2,200	6½	8.00

STOCKS

SOFIA, JUNE 4, 1929

<i>Name of Stock</i>	<i>No. of Shares</i>	<i>Quota- tion</i>	<i>Market Value in Levas Bulg.</i>	<i>Yield %</i>	<i>Divi- dends</i>
Ste. Bulg. d'Ass'n. "Balkan" Transport-In- cendie	100,000	100	1,300	3.60	46
Ste. Bulg. d'Ass'n. "Bulgaria"	100,000	100	1,200	4.50	45
S. A. Bulgare "Granitoid"	130,000	1,000	4,200	7.15	300
S. A. Bulgare pour l'Industrie Ceramique "Isida"	20,000	500	1,650	6.06	100
S. A. Fabriques de Tabaca Reunies	360,000	100	270	6.00	16
Bque. Franco-Belge et Balkanique	750,000	200	280	...	Newly created

TABLE No. 56

BONDS

ESTHONIA

REVAL, JUNE 6, 1929

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Market Value in Kroons</i>	<i>Interest</i>	<i>Yield</i>
The 7% League of Nations Loan.....		% 90		% 7.00	% 7.75
The Estonian Hypothecary Bank, Dorpat...		83		8.00	9.64

STOCKS

REVAL, JUNE 6, 1929

<i>Name of Stock</i>	<i>Par Value</i>	<i>Quotation</i>	<i>Market Value in Kroons</i>	<i>Yield</i>	<i>Dividends</i>
	Esth. Kr.	Kr. per Share		Approx. %	%
A/G der Sackschen Bierbrauerei, Reval....	50	35 ¹		11.00	4.00
G. Scheel & Co., Reval.....	50	150 (about) ²		11.00	16.00
The Northern Paper & Pulp Works, Ltd., Reval	100	75 (about) ³		2.60	2.00

¹ Closely held.² Not obtainable in the open market.³ Not obtainable in the open market.

Note: There is no free market here for capital investment. Dealings in stock are practically absent, the shares of the better class of undertakings being all held in a few firm hands.

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Market Value in Finmarks</i>	<i>Interest</i>	<i>Yield</i>
	Fmk.	Incl. Interest %	Fmk.	%	Approx. %
Valtion I Vap. 1.1918-66 (Statens I Frihetsl)	10,000	85	85,000	5½	6.60
Valtion II Vap. 1.1918-66 (Statens II Frihetsl)	10,000	85	85,000	5½	6.60
Valtion Tornator 1.1919-66 (Statens Tornatorl)	10,000	81	81,000	5½	6.90
Valtion Sotavahinkol 1920-68 (Statens Krigskadel)	10,000	80	80,000	5½	7.00
Valtion Torpparil 1919-59 (Statens Torparel)	10,000	73	73,000	5	7.20
Valtion 7% 1. 1922-72 (Statens 7% 1.)	10,000	98	98,000	7	7.15

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<i>Name of Stock</i>	<i>No. of Shares Issued</i>	<i>Par Value</i>	<i>Market Value in Finmarks per Share</i>	<i>Yield</i>	<i>Dividends</i>
		Fmks.	About	Approx. %	%
Nordiska Foreningsbanken	2,400,000	100	260	7.31	19.00
Kansallis-Osake-Pankki	1,000,000	200	575	6.25	18.00
Kymi Oy. (Kymmene Ab.)	225,000	1,000	1,250	7.20	9.00
Suomen Sokeri (Finska Socker)	500,000	400	490	6.12	7½
Tampereen Pellava (Tammerfors Linne & Jerum)	50,000	2,000	3,600	6.39	11½

TABLE No. 58
BONDS

GREECE

ATHENS, JUNE 8, 1929

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Market Value in Drachmas</i>	<i>Interest</i>	<i>Yield</i>
Greek Loan 5% 1914.....	£790-/-	Drs. 5,700 (per bond of £19,17.0 n.c.)	Drs. 228,000	Drs. 372	% 6½
Greek Refugee Loan 7% 1924.....	£600-/-	Drs. 7,500 (per bond of £20 n.c.)	225,000	525	7.00
External Sinking Fund 8% "Gold Bonds 1925"	\$4,000	Drs. 80,500 (per bond of \$1,000 n.c.)	322,000	6,160	7.65
Greek Loan for the Indemnification of Greek Subjects 8%, 1927	Drs. 200,000	Drs. 426 (per bond of Drs. 500 n.c.)	170,400 945,400 (Approx. \$12,500)	40	9.30

STOCKS

ATHENS, JUNE 8, 1929

<i>Name of Stock</i>	<i>No. of Shares</i>	<i>Quotation Per Share</i>	<i>Market Value in Drachmas</i>	<i>Yield</i>	<i>Dividends</i>
National Bank of Greece.....	4	Drs. 61,000	Drs. 244,000	% 4.26	Drs. 2,600
Hellenic Electric Railways	350	700	245,000	5.36	37½
General Industrial Co. "Vio"	800	340	272,000	7.06	24
"Chrysalis" Silk Factories	700	120	84,000	6.66	8
Silk Weaving "D. Nathanail & Co."	250	430	107,500 952,500 (Approx. \$12,500)	6.51	28

LATVIA

BONDS

RIGA, JUNE 29, 1929

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Market Value in Lats</i>	<i>Interest</i>	<i>Yield</i>
6% Valsts Zemes Bankas kilu zimes (Bonds of the State Land Bank)	100	92-93 ¹		%	%
8% Latvijas Hipoteku Bankas kilu zimes (Bonds of the Mortgage Bank of Latvia) . .	100	96-97 ²		6	6.45 ³
10% Rigas Pilsetas Kreditbiedribas kilu zimes (Bonds of the Riga Town Credit Society) . .	100	80-80½		8	8.25 ³
10% Rigas Hipoteku Biedribas kilu zimes (Bonds of the Riga Mortgage Society)	100	80-80½		10	Approx. 11¾ ⁴
				10	Approx. 11¾ ⁴

¹ These bonds circulate in the market only to a small extent.² The rate of issue is 96-97, but there have been dealings in these bonds at the rate 84.50.³ State bonds are free of tax.⁴ After deducting 5% State Tax.

STOCKS

RIGA, JUNE 29, 1929

<i>Name of Stock</i>	<i>No. of Shares</i>	<i>Quota- tion</i>	<i>Market Value in Lats</i>	<i>Yield</i>	<i>Divi- dends</i>
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The shares of the local first rate joint stock companies are in private hands and do not appear on the market.

TABLE No. 60

LITHUANIA

BONDS

KAUNAS, JUNE 6, 1929

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Market Value in Litas</i>	<i>Interest</i>	<i>Yield</i>
Lithuanian Liberty Loan ¹	Litas 100	73-74		% 5	% 6.75

¹ Redeemable 1935, at par.

STOCKS

KAUNAS, JUNE 6, 1929

<i>Name of Stock</i>	<i>Par Value</i>	<i>Quotation</i>	<i>Market Value in Litas</i>	<i>Yield</i>	<i>Dividends</i>
Lietuvos Bankas	Litas 100	90-97		% 9.28	% 9-Return 1928

TABLE No. 61

POLAND

BONDS

WARSAW, JUNE 5, 1929

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quotation</i>	<i>Market Value in Zlotys</i>	<i>Interest</i>	<i>Yield</i>
8% Mortgage Bonds of City of Warsaw.	Zl. 85,000	Zl. 64, 25% + coupon per 4th June	Zl. 54,612.50 2,890.00	% 8	% 12.45
26 4½% Land Mortgage Bank of Poland.	107,800	Zl. 47, 25% + coupon per 4th June	57,502.50 50,935.50 2,182.95	4½	9.52

STOCKS

WARSAW, JUNE 5, 1929

<i>Name of Stock</i>	<i>No. of Shares</i>	<i>Quotation</i>	<i>Market Value in Zlotys</i>	<i>Yield</i>	<i>Dividends</i>
Bank Polski (nom. 100 Zl.)	290	Zl. 167.50	148,575.00	% 9.55	% 16 for 1928
Lilpop (nom. Zl. 25)	1,085	28.50	30,922.50	10.52	12 for 1928
Ostrowiec (nom. Zl. 50)	382	81.00	30,942.00	8.64	14 for 1927-28

TABLE No. 62

PORTUGAL

Oporto, June 25, 1929

BONDS

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quotation Per Port. Escudos</i>	<i>Market Value in Escudos</i>	<i>Interest</i>	<i>Yield</i>
				%	Approx. %
Portuguese 4½% Gold Loan 1912.....	Deb. of £20	1.250		4½	7½
Portuguese External 3% 1st Series.....	Deb. of £20	924		3	6½
Portuguese External 3% 3rd Series.....	Deb. of £19-18-0	970		3	6
Portuguese Internal 6½% Gold 1923.....	Deb. of £10	900		6½	7

STOCKS

Oporto, June 25, 1929

<i>Name of Stock</i>	<i>Par Value</i>	<i>Quotation Per Port. Escudo</i>	<i>Market Value in Escudos</i>	<i>Yield</i>	<i>Dividends</i>
				%	
Credito Predial 10%	Deb. Esc. 90	95.20		8	7.48
Cia. Colonial do Buzi 9%	Deb. £1	119.00		7	8.40
Cia. Aguas de Lisboa 4½%	Deb. Esc. 90	52.00		6	3.25
Caminho de Ferro de Benguela 5%	Deb. £20	1,650.00		6½	107.00

TABLE No. 63

BONDS

ROUMANIA

<i>Name of Bond</i>	<i>Nominal Amount</i>	<i>Quota- tion</i>	<i>Market Value in Lei</i>	<i>Interest</i>	<i>Yield</i>
Lettres de Gage Credit Foncier Rural.....		% 51		% 5	% 9.80
Lettres de Gage Credit Foncier Urbain.....		51		5	9.80

STOCKS

<i>Name of Stock</i>	<i>No. of Shares</i>	<i>Quota- tion</i>	<i>Market Value in Lei</i>	<i>Yield</i>	<i>Divi- dends</i>
Banca Romaneasca ancienne.....		Roum. Lei 900		% 9.40	Lei 84.50
Banca Romaneasca nouvelles		820		10.30	84.50
Banca Marmorosch, Blank & Co		1,150		8.75	100.65
Banca Comertului Craiova		800		10.56	84.50
Banca de Credit Roman		920		7.87	72.45
Soc. Carpatina		1,100		13.65	150.00
Soc. Letea		600		13.30	80.50
Soc. Cladirea Romaneasca		850		7.58	64.40
Soc. Resita		680		7.50	51.00
Bque. Nationale de Roumania		10,100		3.72	375.00
Soc. Dacia Romania.....		6,700		4.80	322.00
Soc. Leonida		700		12.85	12.85

ALPHABETICAL LIST OF BONDS AND STOCKS MENTIONED IN THIS STUDY

(A) Countries Included in the Survey

Acïeries de Longwy.....(France)	Belgian Congo Loan, 4%
Aktiebolaget Stockholm Bryg- gerier .....(Sweden)	Bonds .....(Belgium)
Algemeen Friesche Hypotheek Bank, 4½% Bonds .....(Holland)	Belgian Loan, 3% Bonds..(Belgium)
Allgemeine Elektrizitäts Ge- sellschaft Shares .....(Germany)	British American Tobacco Co., Ltd. ....(England)
Allgemeine Oest. Bau-Gesell- schaft .....(Austria)	British Consols, 2½% ....(England)
American Locomotive, 7%	Burbach, 5% Bonds .....(Belgium)
Cum. Pref. ....(U. S. A.)	Calve Delft .....(Holland)
American Smelting & Refining Company .....(U. S. A.)	Canada Cement Company, 1st Mort. 6% Bonds .....(Canada)
American Sugar Refining Company .....(U. S. A.)	Canada Cement Company..(Canada)
American Tobacco Com- pany .....(U. S. A.)	Canadian Car & Foundry Com- pany .....(Canada)
American Tobacco Com- pany, Common "B" ....(U. S. A.)	Canadian Car & Foundry Co., 1st Mort. 6% Bonds ....(Canada)
Amsterdam, 4½% Bonds..(Holland)	Canadian General Electric .(Canada)
Anciens Etablissements de Naeyer .....(Belgium)	Canadian Pacific Railroad..(Canada)
Atchison, Topeka & Santa Fe, 5% Non-Cum. Pref. ....(U. S. A.)	Canadian Pacific Railroad, 4%
Atchison, Topeka & Santa Fe, 1st & Gen. 4% Bonds ... (U. S. A.)	Perp. Deb. Bonds .....(Canada)
Aussig Chemischer Verein..(Austria)	Charbonnages Centre de Ju- met .....(Belgium)
Badische Anilin Shares...(Germany)	Charbonnages Fontaine L'Evêque .....(Belgium)
Baltimore & Ohio, 4% Non- Cum. Pref. ....(U. S. A.)	Charbonnage du Hainaut, 4½% Bonds .....(Belgium)
Banca Commerciale Italiana..(Italy)	Charbonnage Mariemont Bas- coup .....(Belgium)
Banco de Espana .....(Spain)	Chesapeake & Ohio, Gen. 4½%
Bank of England .....(England)	Bonds .....(U. S. A.)
Banque Centrale Anver- soise .....(Belgium)	Chicago, Rock Island & Pa- cific, Gen. Gold 4%
Banque d'Anvers .....(Belgium)	Bonds .....(U. S. A.)
Banque de Bruxelles.....(Belgium)	Cie Agricole et Hypothecaire Argentina, 5% Bonds...(Belgium)
Banque de France .....(France)	Cie Gale des Eaux, 4%
Banque de Paris.....(France)	Bonds .....(France)
Banque Nationale .....(Belgium)	Cie Generale des Eaux....(France)
Bass, Ratcliff & Gretton, Ltd., Deb. 4½% .....(England)	Cie Immobilière de Bel- gique .....(Belgium)
	Cie Industrielle Pastorale Belge Sud. Amer., 5%
	Bonds .....(Belgium)

Fourteen Years of European Investments

Cie Intercommunale Bruxel- loise des Eaux, 4% Bonds (Belgium)	Eclairage Et Chauffage par Le Gaz. (Belgium)
Cie Parisienne de Distribution d'Electricité, 4% Bonds.. (France)	Economiques—1909, 4% Bonds (Belgium)
Cie pour Le Commerce et l'In- dust. au Congo..... (Belgium)	Electric Bond & Share Securi- ties Co. (U. S. A.)
Cie Transatlantique, Com- mon (France)	Electricite de l'Escaut.... (Belgium)
City of Frankfurt, 4% Bonds (Germany)	Electricite de Rosario..... (Belgium)
City of Paris, 3% Bonds... (France)	Electricité Nord Belgique, 4½% Bonds (Belgium)
City of Paris, 2¾% Bonds. (France)	Elisabethbahn Schuldverschrei- bungen in Gold 4% Bonds. (Austria)
City of Paris, 2½% Bonds. (France)	Entreprises Electriques.... (Belgium)
City of Vasteras, 4½% Bonds (Sweden)	Entreprises Electriques, 4½% Bonds (Belgium)
Coal Mines of Salgo-Tar- jan (Hungary)	Espérance Longdoz..... (Belgium)
Coats, J. & P., Ltd. (England)	Espérance Longdoz, 4½% Bonds (Belgium)
Cockerill (Belgium)	Etablissements Américains Gratry (Belgium)
Communales, 3% Bonds.... (France)	
Compagnie Electrique Anver- soise (Belgium)	Fabrique Nationale d'Armes de Guerre (Belgium)
Conduite d'Eau, 4% Bonds. (Belgium)	Fine Cotton Spinners' & Dou- blers' Assn., £1 Ord. Sh.. (England)
Copenhagens Handels- bank (Denmark)	Foncières, 2.80% Bonds... (France)
Copenhagens Hypothec., 4½% Bonds (Denmark)	Foncières, 3% Bonds..... (France)
Copenhagen Telephone... (Denmark)	Forges de Clabecq..... (Belgium)
County of London Electric Supply Co., Ltd., £10 Ord. Sh. (England)	Framnaes Mek. Verksted.. (Norway)
Credit Association of Danish Isles, 4½% 7th Series Bonds (Denmark)	French Government, 3% S.F. Bonds (France)
Credit Association of Muni- cipalities, 4½% Bonds... (Denmark)	French Government, 3% Perp. Bonds (France)
Credit Association of Small Holders in Jutland, 4% 3rd Series Bonds (Denmark)	Fyenoord (Holland)
Danish Government, 3½% 1886 Unredeemable Bonds... (Denmark)	Ganz & Company (Hungary)
De Danske Spritfabriker. (Denmark)	Gaz de St. Josse ten Noode. (Belgium)
De Danske Sukkerfab- riker (Denmark)	General Electric Company. (U. S. A.)
De Forenede Bryggerier.. (Denmark)	General Electric Special... (U. S. A.)
Den Danske Landmands- bank (Denmark)	German General Elec. (A.E.G.) (Germany)
Det Forenede Dampskibssels- kab (Denmark)	German Government, 3% Bonds (Germany)
Deutsche Bank (Germany)	Glaces Nationales Belges.. (Belgium)
Dominion Textile (Canada)	Gramophone Company, Ltd., £1 Ord. Sh. (England)
	Great Northern 1st & Ref. "A," 4¼% Bonds (U. S. A.)
	Guest Keen & Nettlefolds.. (England)
	Hamburg American Line (Hapag Shares) (Germany)

Appendix

Harpen Mining Industry (Harpener Bergbau Shares) .....(Germany)	London & Northwestern Rly., 3% Deb. Bonds .....(England)
Hollandsche Spoor., 4% Bonds .....(Holland)	Madrid Saragosse Alicante, 5% Ser. A. ....(Spain)
Home & Colonial Stores, "A" Cum. Ord. ....(England)	Madrid Saragosse Alicante, 4½% Ser. B. ....(Spain)
Hungarian General Colliery Co., Ltd. ....(Hungary)	Madrid Saragosse Alicante, 4% Ser. C. ....(Spain)
Hungarian Kronenrente, 4% .....(Hungary)	Madrid, Saragosse, Alicante..(Spain)
Hungarian Land Mortgage Inst., 4% Bonds .....(Hungary)	Meininger Mortgage Bank, 4% Bonds .....(Germany)
Hungarian Sugar Indus- try .....(Hungary)	Messageries Maritimes, 5% Bonds .....(France)
Hypothecaire d'Egypte, 4% Bonds .....(Belgium)	Metropolitan 3% Consolidated Bonds .....(England)
Hypothecary Loan, 3½% Bonds .....(Norway)	Metropolitan Water Board "B," 3% Bonds .....(England)
Imperial Tobacco Co. (Of Great Britain & Ireland) Ltd. £1 Ord. Sh. ....(England)	Mines de Bourges .....(France)
India, 3½% Bonds .....(England)	Mines et Fond. de Zinc de la Vieille Montagne .....(Belgium)
Interior Debt, 4% Bonds ....(Spain)	Montreal L H. & P. Cons..(Canada)
Jutland Estate Owners Bonds, 4½% .....(Denmark)	Nederland, 3½% Bonds... (Holland)
Jutland Small Holders Bonds, 4% .....(Denmark)	Nederlandsche Indische Gas Maatschappij .....(Holland)
Kaiser Ferdinands-Nordbahn Noten Prioritätsanleihe, 4% .....(Austria)	Nederlandsche Fabriek van Werktuigen en Spoorweg- materieel "A" Shares....(Holland)
Kingdom of Hungary, 4% Bonds .....(Hungary)	Nederlandsche Gist en Spir- itusfabriek .....(Holland)
Kingdom of Hungary, 4½% Bonds .....(Hungary)	New South Wales, 4% bonds .....(England)
Korsnäs Sågverks Aktiebo- lag .....(Sweden)	Nieder. Oest. Landes-Hypothe- ken-Anstalt Pfandbriefe, 4% Bonds .....(Austria)
Krupp A. G., 4% Bonds..(Germany)	Nord de l'Espagne.....(Spain)
La Providence .....(Belgium)	Nord Espagne Preferred Bar- celona, 3% Bonds .....(Spain)
Laurentide Company .....(Canada)	Nord et Mines San Juan De Las Abadesas, 3% Bonds..(Spain)
La Vesdre, 5% Bonds....(Belgium)	Nord Huesca à France, 4% Bonds .....(Spain)
Linière des Flandres, 4½% Bonds .....(Belgium)	Nord R. R., 2½% Bonds... (France)
Linière La Lys .....(Belgium)	Nord R. R., 3% Bonds....(France)
Local Loans, 3% Bonds... (England)	Nord R. R., 4% Bonds....(France)
London County Council, 3½% Bonds .....(England)	Nord Speciales Almansa Va- lencia y Tarragona, 4% Bonds .....(Spain)
London & Northeastern Rail- way Cons., Ord. Stk....(England)	Nord Villalbà à Segovia, 4% Bonds .....(Spain)
	Norsk Hydro Elektrisk Kavel- stoffabrik .....(Norway)

Fourteen Years of European Investments

Northern Pacific, Prior Lien	Sambre et Moselle, 4½%
Gold 4% Bonds .....(U. S. A.)	Bonds .....(Belgium)
Norway State Loan, 3%	Schneider & Cie (Creusot) ..(France)
Bonds .....(Norway)	Scholten's Aardappelmeelfabrieken .....(Holland)
Oesterreichische Gold Rente,	Schous Bryggeri .....(Norway)
4% Bonds .....(Austria)	Shawinigan .....(Canada)
Oesterreichische Kronen-Rente,	Shell Transport & Trading
4% Bonds .....(Austria)	Co., Ltd., £1 Ord. Sh....(England)
Oesterreichische Lokaleisen-	Sinking Debt, 5% Bonds....(Spain)
bahn Prioritäten, 3%	Sinking Debt, 4% Bonds....(Spain)
Bonds .....(Austria)	Soc. Generale Italiana "Edison" di Elettricità .....(Italy)
Oesterreichische Ungarische	Soc. Lombarda per Distribuzione di Energia Elettrica
Staats-Eisenbahn Ges....(Austria)	"Vizzola" .....(Italy)
Ogilvie Flour Mills, 1st Mort.	Société Générale de Belgique .....(Belgium)
6% Bonds .....(Canada)	Société Industrielle Aluminium .....(Switzerland)
Ogilvie Flour Mills.....(Canada)	Société Industrielle p. la
Ostifternes Credit Association	Schappe .....(Switzerland)
VII, 4½% Bonds .....(Denmark)	Southern Pacific, Conv. 4%
Ougrée Marihay .....(Belgium)	Bonds .....(U. S. A.)
Paris Lyons Mediterranean	St. Egydier Eisen und Stahl
R. R., 3% Cons. Bonds...(France)	Aktien .....(Austria)
Part Civile Suez.....(France)	Sté Aan de Vedrin (Produits Chimiques) .....(Belgium)
Peninsular & Oriental Steam	Ste Financiere de Transports et d'Entreprises Indust (Sofina) .....(Belgium)
Navigation Co., Def. Ord. Stk. ....(England)	Sté Gle Chemins de fer Economiques .....(Belgium)
Pennsylvania R. R. Cons., 4%	Steamship Company, Dannebrog .....(Denmark)
Bonds .....(U. S. A.)	Steel Company of Canada..(Canada)
Peoples Gas, Light & Coke Company, Chicago .....(U. S. A.)	Steel Company of Canada, 1st Mort. 6% Bonds .....(Canada)
Permanent Interior Debt, 4%	Stockholms Intecknings Garanti, AB5% Bonds .....(Sweden)
Bonds .....(Spain)	Stora Kopparbergs Bergslags Aktiebolag .....(Sweden)
Philips Lamps .....(Holland)	Stora Kopparbergs Bergslags, AB5% Bonds .....(Sweden)
Prager Eisen Industrie Gesellschaft .....(Austria)	Svenska Aktiebolaget Gassacumulator .....(Sweden)
Prestito Unificato Milano, 4%	Swedish Government, 3.6% Bonds .....(Sweden)
Bonds .....(Italy)	Swiss Federal Rlys, 4% Rent. ....(Switzerland)
Providence, 5% Bonds....(Belgium)	Swiss Federal Rlys., Ser. A.K., 3½% Bonds .....(Switzerland)
Prussian Cons., 3½% Loan Bonds .....(Germany)	
Rimamurany-Salgotarjan Iron Works Co., Ltd. ....(Hungary)	
Rotterdamsche Droogdok Mij .....(Holland)	
Russian Government, 3% Bonds .....(France)	
Ry. Congo Sup. aux Grands Lacs Africains .....(Belgium)	
Saint-Gobain .....(France)	
Salomon Skofabrik .....(Norway)	

Appendix

The City Mortgage Bank of the Kingdom of Sweden, 5%	Union Pacific, 4% Non-Cum.
Bonds .....(Sweden)	Pref. ....(U. S. A.)
Thomson - Houston, 4%	United Cement Factory of
Bonds .....(France)	Beocsin Co., Ltd.....(Hungary)
Thomson Shares .....(France)	United States Rubber Com-
Tofte Cellulosefabrik.....(Norway)	pany .....(U. S. A.)
Trafikaktiebolaget Gränges-	Urikany-Zsil Valley Hungar-
berg-Oxelösund .....(Sweden)	ian Colliery Co., Ltd...(Hungary)
Tramways d'Antwerp.....(Belgium)	Van Berkels' Patent.....(Holland)
Tramways de Bangkok....(Belgium)	Vickers, 5% First Deb.
Tramways de Bilbao.....(Belgium)	Bonds .....(England)
Tramways de Buenos	Vickers, Limited, £1 Ord.
Aires .....(Belgium)	Sh. ....(England)
Tramways de Rosario....(Belgium)	Wagons Lits, 4% (B.C.-
Tramways de Rotterdam..(Belgium)	D.E.) .....(Belgium)
Transports & Entreprises Ind.	Wiener Verkehrsanlagen, 4%
Sofina, 4% Bonds .....(Belgium)	Bonds .....(Austria)
Transvaal, 3% Bonds .....(England)	
Union Minière du Haut Ka-	Zuid Holland, 4½%
tanga .....(Belgium)	Bonds .....(Holland)

(B) Countries Not Included in the Survey

A/G. der Sackschen Bierbrauerei	(Esthonia)	Enaux, 6½%, 1923.....	(Bulgaria)
Banca Comertului Craiova	(Roumania)	External Sinking Fund 8%	
Banca De Credit Roman.	(Roumania)	Gold Bonds, 1925.....	(Greece)
Banca Marmorosch, Blank & Co.	(Roumania)	General Industrial Co. "Vio"	(Greece)
Banca Romaneasca	(Roumania)	Greek Loan for the Indemnification of Greek Subjects,	
Bank of Poland, 4½% Land Mortgage Bonds	(Poland)	8%, 1927	(Greece)
Bank Polski	(Poland)	Greek Loan, 5%, 1914	(Greece)
Banque Franco-Belge et Belkanique	(Bulgaria)	Greek Refugee Loan, 7%, 1924	(Greece)
Banque Nationale de Roumanie	(Roumania)	Hellenic Electric Railways..	(Greece)
Bonds of the Mortgage Bank of Latvia (8% Latvijas Hipoteku Bankas)	(Latvia)	Kansallis-Osake-Pankki ...	(Finland)
Bonds of the Riga Mortgage Society (10% Rigas Hipoteku Biedribas)	(Latvia)	Kymi Oy. (Kymmene Ab.) ..	(Finland)
Bonds of the Riga Town Credit Society (10% Rigas Pilsetas Kreditbiedribas) ..	(Latvia)	Letters de Gage Credit Foncier Rural	(Roumania)
Bonds of the State Land Bank of Latvia (6% Valsts Zemes Bankas)	(Latvia)	Letters de Gage Credit Foncier Urbain	(Roumania)
Bulgare 6% Rente 1923 Empr. des Réfugiés	(Bulgaria)	Lietuvos Bankas	(Lithuania)
Caminho de Ferro de Benguella	(Portugal)	Lilpop	(Poland)
"Chrysalis" Silk Factories..	(Greece)	Lithuanian Liberty Loan.	(Lithuania)
Cia. Aguas de Lisboa....	(Portugal)	National Bank of Greece....	(Greece)
Cia. Colonial do Buzi....	(Portugal)	Nordiska Foreningsbanken.	(Finland)
City of Warsaw, 8% Mortgage Bonds	(Poland)	Northern Paper & Pulp Works, Ltd.....	(Reval, Esthonia)
Credito Paedial	(Portugal)	Ostrowicc	(Poland)
Empr. National, 6½%, 1921	(Bulgaria)	Portuguese 4½% Gold Loan, 1912	(Portugal)
Empr. de Requisition, 6%, 1914	(Bulgaria)	Portuguese External 3% First Series	(Portugal)
		Portuguese External 3% Third Series	(Portugal)
		Portuguese Internal 6½% Gold, 1923	(Portugal)

Appendix

S. A. Bulgare "Granitoid". (Bulgaria)	Tampereen Pellava (Tammerfors Linne & Jernm).... (Finland)
S. A. Bulgare pour l'Industrie Ceramique "Isida" .. (Bulgaria)	The Esthonian Hypothecary Bank 8% Bonds (Esthonia)
S. A. Fabriques de Tabacs Reunies (Bulgaria)	The Seven Per Cent League of Nations Loan..... (Esthonia)
G. Scheel & Co..... (Esthonia)	
Silk Weaving "D. Nathanail & Co." (Greece)	
Soc. Carpatina (Roumania)	Valtion I Vap. 1 1918-66 (Statens I Frihetsl)..... (Finland)
Soc. Cladirea Romaneasca (Roumania)	
Soc. Dacia Romania (Roumania)	Valtion II Vap. 1 1918-66 (Statens II Frihetsl).... (Finland)
Soc. Leonida (Roumania)	Valtion Tornator I 1919-66 (Statens Tornator 1).... (Finland)
Soc. Letea (Roumania)	Valtion Sotavahinkol. 1920-68 (Statens Krigskadel) ... (Finland)
Soc. Resita (Roumania)	Valtion Torparil. 1919-59 (Statens Torparel) (Finland)
Ste. Bulg. d'Ass'n. "Balkan" Transport-Incendie (Bulgaria)	Valtion 7% 1. 1922-72 (Statens 7% 1)..... (Finland)
Ste. Bulg. d'Ass'n. "Bulgaria" (Bulgaria)	
Suomen Sokeri (Finska Socker) (Finland)	

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